

# EXHIBIT H

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF NORTH CAROLINA  
FILE NO.: 1:15-cv-222

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MICHAEL A. HAGER, and  
CYNTHIA G. HAGER,

Plaintiffs,

vs.

SETERUS, INC.,

Defendants.

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VIDEOTAPED DEPOSITION

OF

SETERUS, INC.

Taken by Corporate Representative  
Achsah Jacob

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MAGINNIS LAW  
4801 GLENWOOD AVENUE, SUITE 310  
RALEIGH, NORTH CAROLINA

TUESDAY, JULY 19, 2016  
10:00 A.M.  
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1 ATTORNEYS OF RECORD PRESENT

2

3 On behalf of Plaintiffs:

4 EDWARD H. MAGINNIS, ESQ.  
5 KARL S. GWALTNEY, ESQ.  
6 ASA C. EDWARDS, ESQ.  
7 Maginnis Law  
8 4801 Glenwood Avenue, Suite 310  
Raleigh, NC 27612  
emaginnis@maginnislaw.com  
kgwaltney@maginnislaw.com  
aedwards@maginnis.law.com

9

On behalf of Defendants:

10 J. DOUGLAS MINOR, JR., ESQ.  
11 Bradley Arant Boult Cummings  
12 188 East Capitol Street, Suite 400  
Jackson, MS 39201  
dminor@babc.com

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1                   WHEREUPON, the deposition of Seterus, taken  
2                   by the corporate representative Achsah Jacob, having  
3                   been called as a witness and duly sworn under oath,  
4                   was taken pursuant to Notice and pursuant to the  
5                   Federal Rules of Procedure on behalf of the  
6                   Plaintiff, testified as follows:

7                   MR. EDWARDS: It's 10 o'clock and we  
8                   are on the record.

9                   DIRECT EXAMINATION

10                  BY MR. MAGINNIS:

11                  Q. Good morning. Could you please state your  
12                  name.

13                  A. Achsah Jacob.

14                  Q. And, Ms. Jacob, we got a chance to meet last  
15                  week and then briefly before the deposition this  
16                  morning. My name is Ed Maginnis and I represent the  
17                  Hagers in this lawsuit that's been filed against  
18                  Seterus.

19                  Have you ever given a deposition before?

20                  A. I have.

21                  Q. You have. About how many times?

22                  A. I would say about -- I won't know an exact  
23                  number, but more than five.

24                  Q. More than five, less than ten or --

25                  A. Yeah. Less than ten.

1           Q.    Okay.  In the capacity of on behalf of  
2        Seterus?

3           A.    Yes.  On behalf of Seterus.

4           Q.    In each of those cases?

5           A.    That is correct.

6           Q.    Okay.  So I will keep the ground rules to a  
7        very brief minimum then since this is not your first  
8        time.

9                   There's a court reporter here.  She's taking  
10      down everything that you say and I say, and so it's  
11      important that we do our best to not talk over each  
12      other; is that fair?

13           A.    That's fair.

14           Q.    Even though we have the camera here, there  
15      is a transcript being generated, so nonverbal  
16      responses, even though that's what you would  
17      typically do in a conversation, don't look great on  
18      the transcript.

19           A.    Correct.

20           Q.    If you could do your best to give verbal  
21      responses, I know Ms. Donna would appreciate it; is  
22      that fair?

23           A.    That's fair.

24           Q.    And if you do not understand a question,  
25      please ask me to rephrase it.  I am happy to do so.

1       But if you do respond, I'm going to assume that you  
2       understood the question.

3 A. Okay.

4 Q. Okay. I'm going to show you a document.

5 Let's go ahead and mark it. We'll mark this as  
6 Exhibit 1.

7 (PLAINTIFFS' EXHIBIT NUMBER 1 WAS MARKED.)

8 MR. MINOR: Thank you.

9           Q.     And, Ms. Jacob, have you seen Exhibit 1  
10           before?

11 A. I have.

12 Q. What's Exhibit 1?

13 A. It is a Notice of Deposition to Seterus.

14 Q. And did you get a chance to review this in  
15 preparation for your deposition this morning?

16 A. I did.

17 Q. What did you do to prepare for this  
18 deposition?

19           A. I reviewed the business records that are  
20         associated with the loan. I reviewed each subject  
21         matter line and the matters of which examinations  
22         are requested. And then I -- I did speak with my  
23         attorney.

24           Q.     Okay.  And I obviously don't want to -- you  
25           know the drill.  I don't want to ask you about

1 anything relating to those conversations.

2 When you say business records, do you just  
3 mean the loan file or something else?

4 A. The loan file.

5 Q. Okay. Is that a fair characterization if I  
6 call it "the loan file" --

7 A. Yes.

8 Q. -- you'll know what I mean?

9 A. Yes.

10 Q. Okay. Any other documents that you reviewed  
11 other than the Notice and the loan file?

12 A. No. Those were -- that's it.

13 Q. Okay. Are you prepared to give complete,  
14 knowledgeable, and binding answers on behalf of  
15 Seterus with regard to these topics?

16 A. To the best of my ability, yes.

17 Q. Okay. You feel like you've been prepared by  
18 Seterus to give those answers?

19 A. I am prepared.

20 Q. Okay. What do you do for Seterus?

21 A. I am a legal mediation officer.

22 Q. Okay. What is that?

23 A. I review our business records in preparation  
24 for mediation hearings, for depositions, and for  
25 trials.

1           Q.    Okay.  So what -- what you do is -- is  
2        you're in-house with Seterus when things are in  
3        litigation or prelitigation?

4           A.    That's correct.

5           Q.    Regarding Seterus' position in the matter?

6           A.    Correct.

7           Q.    And then you advise the in-house lawyers and  
8        the outside lawyers?

9           A.    I review the business records on file and  
10      represent the case as it sits.

11          Q.    Okay.  And then one of the things they do is  
12      give depositions just like this?

13          A.    Yes.

14          Q.    Okay.  Well, I doubt I'll be asking you  
15      anything that you haven't heard before.

16                  How long have you been doing that, legal  
17      mediation officer?

18          A.    I have been in the legal mediation  
19      department for about three years.

20          Q.    Okay.  Doing the same things that you're  
21      doing today?

22          A.    That's correct.

23          Q.    Okay.  Were you at Seterus before that?

24          A.    I was.

25          Q.    When -- Seterus used to be -- have a

1           different name, correct? Was it IBM Lender  
2           Portfolio Services; is that correct?

3           A. I wasn't employed with Seterus at that time.

4           Q. Oh, okay. So it's always been Seterus since  
5           you were working there?

6           A. That's correct.

7           Q. Okay. And you -- have you been a legal  
8           mediation officer the entire time you've been with  
9           Seterus?

10          A. I have not.

11          Q. Okay. What did you do before that?

12          A. I was a loan underwriter.

13          Q. What did you do as a loan underwriter?

14          A. I reviewed a customer's financials. And  
15          customers who were applying for loan modifications,  
16          I would review their financials to see, in  
17          association with their loan and total loan amount,  
18          if they would qualify for a loan modification.

19          Q. Right. Loan mods, because you guys don't  
20          originate any loans?

21          A. We do not.

22          Q. Okay. So refis and modifications of -- of  
23          loans, you would underwrite request for refinancing?

24          A. Only for loan modifications. We don't do  
25          refinance.

1 Q. Okay. So like a HAMP type thing?

2 A. HAMP is one of the options, correct.

3 Q. Okay. Is that -- did you have any other  
4 positions you've done at Seterus?

5 A. No. I was a processor before. It's just a  
6 precursor to an underwriter.

7 Q. Okay.

8 A. In terms of understanding the documents,  
9 collecting them, et cetera.

10 Q. Okay. Kind of a subordinate to a loan  
11 underwriter?

12 A. Sure.

13 Q. And you did a good job and so then you got  
14 promoted to loan underwriter pursuant --

15 A. I think I was qualified, yeah.

16 Q. Sure. Yeah. And then -- and a legal  
17 mediation officer is just another -- another  
18 department completely?

19 A. That's correct.

20 Q. Okay. Were you anything before you were a  
21 processor?

22 A. No.

23 Q. Is there anything about working in the  
24 department that includes processors and loan  
25 underwriters that would inform your knowledge about

1           these topics?

2           A.     I'm not sure I understand what you mean.

3           Q.     Well, I don't know. I know that there was  
4           some -- in the loan file, there's some references to  
5           a potential modification, but I'm not sure that  
6           that's in the subject matter of the lawsuit.

7                 Is there anything in your job as a loan  
8           underwriter that would be relevant to some of the  
9           things we're going to talk about today, if you know?

10          A.     I am prepared to take the deposition. I --  
11          like I said, I have done depositions before. And as  
12          a mediation officer, I've dealt with different  
13          subject matters that Seterus has dealt with.

14          Q.     Okay. So Seterus is a corporation?

15          A.     Seterus is a mortgage servicer.

16          Q.     Well, the lawsuit -- I know the case caption  
17          is Michael and Cindy Hager versus Seterus, Inc.; is  
18          that correct?

19          A.     That's how I read it, yes.

20          Q.     Okay. So Seterus is incorporated?

21          A.     I'm not sure I have the ability to --  
22          ability to answer that question.

23          Q.     Okay. So you don't know what Seterus'  
24          corporate organizational structure/corporate status  
25          is in terms of whether it's a corporation

1 incorporated in some state?

2           A.     Seterus -- I know that Seterus is a mortgage  
3       servicer.   Seterus mortgage services for Federal  
4       National Mortgage loans.

5 Q. Okay. Well, we'll get back to that. Let me  
6 ask it a different way. My understanding is that  
7 Seterus is owned by IBM.

8           A.     Seterus is a subsidiary, to the best of my  
9 knowledge.

10 Q. Of IBM?

## 11 A. Of Kyanite Services.

12           Q.     Okay. Well, Seterus is a -- I'll represent  
13        to you that my understanding is that Seterus is a  
14        corporation. And they issue stock. Is that your  
15        understanding?

16           A.     That is not -- I can't speak to that.  I  
17           don't know.

18 Q. Okay. I'm just -- let's mark this as  
19 Exhibit 2.

20 (PLAINTIFFS' EXHIBIT NUMBER 2 WAS MARKED.)

21 Q. Have you seen Exhibit 2 before?

22 A. There are a lot of documents that I  
23 reviewed. I don't specifically remember.

24 Q. Don't specifically recall this one?

25 A. Yeah.

1           Q. Well, I'll represent to you that these are  
2           what are called a Disclosure of Corporate  
3           Affiliations and Other Entities With a Direct  
4           Financial Interest in Litigation. And a form like  
5           this is typically filed in any case that's filed in  
6           federal court by all the parties just so everybody  
7           knows who's -- who's behind the curtain in terms of  
8           company ownership.

9           And if you turn to page 2, and this is just  
10          why I had asked this. If you look at paragraph 3 --  
11          do you see where I am?

12          A. Yes.

13          Q. And it says:

14           "Is 10 percent or more of the stock of a  
15          party owned by a publicly held corporation or other  
16          publicly held entity?"

17           And Ms. Gardner, your counsel, says:

18           "If yes, identify all such owners." And  
19          it's noted that International Business Machines  
20          Corporation owns Seterus' stock. Do you see that?

21          A. I see that.

22          Q. And -- and that's IBM the computer company,  
23          International Business Machines Corporation?

24          A. That's International Business Machines  
25          Corporation.

1 Q. That make the Think Pads and Watson and --  
2 that IBM?

3 A. Okay.

4 Q. Is that your understanding?

5 A. As it sits -- as it's read is my  
6 understanding. Again, like I said, I -- I can't  
7 really speak to more --

8 Q. Okay.

9 A. -- to more than that.

10 Q. Okay. Well, let's look back at Exhibit 1.  
11 And if you could, turn to page 5. And paragraph --  
12 there's a list of instructions. And then do you see  
13 the section that says "Matters on which examination  
14 is requested"?

15 A. I do.

16 Q. In paragraph 1, the first one?

17 A. Yes. Uh-huh.

18 Q. And it reads:

19 "Basic information pertaining to Seterus'  
20 corporate history, including its organizational  
21 structure, owners, whether it has ever been  
22 purchased, its assets and liabilities, whether its  
23 assets have been purchased, whether its liabilities  
24 have been assumed, and any holding companies  
25 associated with Seterus."

1                   Do you see that?

2                   A. I do.

3                   Q. Are you prepared to testify about topic  
4 number 1?

5                   A. I am.

6                   Q. Okay. But you don't know whether IBM owned  
7 Seterus' stock?

8                   MR. MINOR: I'm just going to object on  
9 the basis that the corporate disclosure contains the  
10 information. But obviously, you can continue with  
11 your examination.

12                  Q. You can answer.

13                  A. I'm answering to the best of my knowledge.  
14 And to the best of my knowledge, I answered and I  
15 provided those answers to you.

16                  Q. Okay. Do you have any reason to dispute  
17 whether International Business Machines Corporation  
18 owns Seterus' stock?

19                  A. No.

20                  Q. Okay. You -- you said earlier that Seterus  
21 is a mortgage servicer?

22                  A. Yes.

23                  Q. Okay. And you said for Federal National  
24 Mortgage --

25                  A. That's correct.

1 Q. -- loans?

2 And is that Fannie Mae?

3 A. It is.

4 Q. Okay. So Seterus -- sometimes I hear  
5 references to it being a Fannie shop or a Freddie  
6 shop. Have you ever heard that before, that  
7 phrasing?

8 A. Yes, I have.

9 Q. Okay. So you guys are what's called a  
10 Fannie shop?

11 A. We mortgage -- we service loans for  
12 Federal -- for Fannie Mae, yeah.

13 Q. Only for Fannie Mae?

14 A. That's correct.

15 Q. Okay. And -- and so you're aware of the  
16 Fannie Mae servicing guidelines that -- that  
17 instruct their servicers on how to service Fannie  
18 Mae loans?

19 A. Yes.

20 Q. Okay. And you guys make every effort to be  
21 in compliance with those?

22 A. That's correct.

23 Q. You don't originate loans?

24 A. We do not.

25 Q. Okay. You don't acquire loans, right?

1 A. What do you mean by that?

2 Q. Well, you don't -- you don't acquire  
3 ownership of any loans; you acquire servicing rights  
4 to loans?

5 A. That's correct.

6 Q. All of your loans are owned by Fannie Mae or  
7 some other entity?

8 A. By Fannie Mae.

9 Q. All Fannie Mae?

10 A. That's correct.

11 Q. Okay. Now, this loan was owned by Bank of  
12 America at the time that it was acquired, but then  
13 was subsequently transferred to Fannie Mae --

14 MR. MINOR: Object to the form.

15 Q. -- is that your understanding?

16 A. My understanding is that Bank of America was  
17 a prior servicer to this loan before Seterus  
18 received the servicing rights.

19 Q. Okay. So it's -- it's your understanding  
20 that Fannie Mae owned it the entire while Bank of  
21 America was servicing it as well?

22 A. I'm not going to make that representation.  
23 I haven't looked at the assignments --

24 Q. Okay.

25 A. -- associated.

1           Q.     Okay. You do not -- so you do not acquire  
2       mortgages, correct?

3           A.     We -- we service loans.

4           Q.     Right.

5           A.     Right.

6           Q.     And I'm not trying to be repetitive or  
7       tricky. I -- you're not -- you don't make loans on  
8       mortgages?

9           A.     We -- we don't.

10          Q.     Okay. You don't originate mortgages?

11          A.     We do not.

12          Q.     You're not a mortgage banking company?

13          A.     We are not.

14          Q.     You're not a bank?

15          A.     We are not a bank.

16          Q.     IBM is not a bank?

17          A.     That I know of, no.

18          Q.     Kyanite -- you talked about Kyanite?

19          A.     Correct.

20          Q.     They're not a bank?

21          A.     Not -- no.

22          Q.     Okay. You guys -- you guys are licensed in  
23       the state of North Carolina to be a mortgage  
24       servicer?

25          A.     That's correct.

1 Q. You're not licensed to be a mortgage lender?

2 A. Correct.

3 Q. Or a bank?

4 A. Correct.

5 Q. Okay. Let's talk about -- my understanding,  
6 and -- and correct me if I'm wrong, is that  
7 typically the portfolios of servicing rights that  
8 Seterus acquires are on loans that are in default;  
9 is that correct?

10 MR. MINOR: Object to the form.

11 A. Would you rephrase it, please?

12 Q. Sure. My understanding is that the --  
13 Seterus does not -- strike that.

14 Seterus does not acquire loans one at a  
15 time, is that fair, servicing rights to loans?

16 MR. MINOR: Object to the form just  
17 because of the phrase "acquire." You had a back and  
18 forth with her about "acquire" and she said they  
19 don't acquire them.

20 Q. Yeah. And let me -- is it fair -- if I --  
21 if I allude at any point that Seterus owns loans, it  
22 is not my intent and I am not trying to get you to  
23 say that. My understanding is all you guys do is  
24 service loans.

25 A. Correct.

1 Q. And so if I say "acquire," I mean acquire  
2 servicing rights; is that fair?

3 A. Okay.

4 Q. Okay. You all acquire servicing rights on  
5 Fannie Mae loans, but you don't acquire them one at  
6 a time, correct?

7           A.     "One at a time," what do you mean by that,  
8        by one loan at a time?

9           Q.     There's not an agreement in place that --  
10        that has only the Hagers' loan, for example, that  
11        says we're going to acquire the servicing rights to  
12        this one loan, you acquire portfolios or pools of  
13        loans?

14 A. That's correct.

15 Q. Okay. And those portfolios and pools of  
16 loans are generally categorized by certain criteria?

17 MR. MINOR: Object to the form.

18 A. Not to my knowledge.

19 Q. Okay. Well, let's talk specifically then  
20 about the -- the acquisition of the servicing rights  
21 to the Hagers' loan. And that was in 2012?

22 A. We service transferred October 2012.

23 Q. Okay. Now, what was acquired? Was it a --  
24 the pool that was generated when the Hagers first  
25 originated their loan in 2006 or was there some sort

1           of grouping that was done after 2006 that was  
2           acquired by Seterus?

3           A.     Seterus is -- when we receive portfolios of  
4           loans, they're not identified by any specific  
5           outlier. They receive a pool of loans.

6           And in the Hagers' matter, in the Hagers'  
7           loan, that was one pool of loan that Seterus had  
8           received from Bank of America.

9           Q.     Okay. And does that pool have any -- does  
10          it have a name?

11          A.     I wouldn't be able to answer that question.  
12          I didn't review that portfolio.

13          Q.     Does it have an identifying characteristic?

14          A.     To my knowledge, it's just a portfolio.  
15          It's just a pool of loans.

16          Q.     Okay. Do you know how it was pooled?

17          A.     Like I just answered, I don't believe that  
18          there are any certain outliers that identify pools  
19          of loans.

20          Q.     Okay. Well, let's -- let's take a step back  
21          then.

22           Okay. How does Seterus determine whether  
23          they're going to acquire the servicing rights to a  
24          certain pool of loans?

25          A.     Seterus doesn't make that determination.

1       Federal National or Fannie Mae is the owner and  
2       investor of the loans, and so it is their  
3       determination upon which Seterus will service a pool  
4       of loans.

5           Q. Well, Seterus has to say yes, we want this  
6       pool, correct?

7           A. We -- we do run -- we do have a boarding  
8       process and we will service loans that we deem are  
9       serviceable. And -- and what I mean by that is that  
10      there is an origination file. If there is a note  
11      and mortgage that we can review the arrears on an  
12      account or the total unpaid principal balance, then  
13      we can run those numbers and check to see if it is a  
14      loan that we want to -- to service. And -- and that  
15      is our -- the determination that we make.

16           Q. On a loan-by-loan basis?

17           A. We run -- it -- it's a boarding group. Our  
18       boarding group runs that analysis.

19           Q. Okay. Are you able to provide more details  
20       than that regarding the process of acquiring  
21       servicing rights to pools of loans from Fannie Mae?

22           A. I mean, I -- I have my knowledge that I --  
23       that I can relate to you. Anything outside of that,  
24       you would have to reach -- reach out to counsel to  
25       see if they're able to provide it to you.

1           Q. Well, let's look at Exhibit 1 again. Back  
2         to page 5. We did number 1. Now, let's  
3         do number 2. Do you see number 2?

4           A. I do.

5           Q. Are you able to answer questions regarding  
6         topic number 2?

7           A. I am.

8           Q. And so there's some references to Seterus  
9         servicing loans that are acquired while in a state  
10         of default. Do you see that in topic 2?

11          A. I do.

12          Q. Is that an accurate statement, that Seterus  
13         services loans that are -- servicing rights are  
14         acquired while in a state of default?

15          A. We service loans that are in current status  
16         in different buckets of delinquency. So it includes  
17         loans where customers are in default, but we -- but  
18         we mortgage service all -- all the loan -- all of  
19         our loans.

20          Q. Okay. So the pool that you acquire from  
21         Fannie Mae might include current loans, but it might  
22         include loans that are one day late, 30 days late,  
23         90 days late?

24          A. Correct.

25          Q. Do you all have an opportunity to review

1           which specific loans before you make a decision as  
2           to whether or not you are going to service that  
3           pool?

4           A.     I'm not in the decision-making realm, so I  
5           can't speak to that.

6           Q.     Who would that be?

7           A.     I'm sure it would just be, you know, our  
8           corporate managers. I'm not...

9           Q.     Okay. Are you able to testify on behalf of  
10          Seterus regarding generally the percentages  
11          approximately as to what's current, what's one day  
12          late, what's 30 days late, what's 90 days late?

13               MR. MINOR: I want to object to the  
14          form just as to when as to timing of those -- of  
15          those delinquency statuses that you just listed. Go  
16          ahead.

17               A.     Would you rephrase it?

18               Q.     Sure. Going back to number 2.

19               A.     Right.

20               Q.     Okay. Looking at the third line, the -- the  
21          phrase starting with "The composition." Do you see  
22          that?

23               A.     Yeah.

24               Q.     Okay. So you are here to testify on behalf  
25          of Seterus regarding:

1                    "The composition of your loan portfolios,  
2                    including but not limited to the proportion of loans  
3                    that you own and/or service that were acquired while  
4                    in the state of default."

5                    Are you capable of doing that?

6                    A.     I am.

7                    Q.     Okay. Please tell me what the proportion of  
8                    loans that you own and/or service that were acquired  
9                    while in the state of default?

10                  A.     Our loans, like I said, when we mortgage  
11                  service, they vary. A customer can make a payment,  
12                  which will change the status of their loan. So it  
13                  really just depends on -- I mean there -- it depends  
14                  on what day you're looking at. There's not a -- I  
15                  wouldn't say that there is a specific percentage  
16                  that I could give you because a loan, it doesn't  
17                  stay stagnant. In mortgage servicing, they  
18                  continue -- we're continuing to service them; we're  
19                  taking calls and taking payments, applying them to  
20                  the loan, et cetera.

21                  Q.     Okay. And I'm not asking you about what  
22                  happens once you've acquired the servicing rights  
23                  and somebody gets current. I'm asking about the  
24                  acquisition of the servicing rates. At that point,  
25                  what is the proportion of loans that the service

1           rates are acquired while in the state of default?

2           A.     Again, that could vary.

3           Q.     Roughly.

4           A.     Yeah. I wouldn't -- I wouldn't be able to  
5           give you a specific number because it can vary.

6           Q.     Okay. What about the Hagers' pool?

7           A.     As I mentioned earlier, every -- every pool  
8           -- to my knowledge, there is no outlier or  
9           distinction made to any specific pool. So they're  
10          all one and the same.

11           When we -- we mortgage service the loans  
12          that are given to us. And so when they're  
13          established, we make -- we start servicing them.

14           Q.     Okay. So when you say there's no  
15          distinction, what -- what do you mean? No outlier,  
16          what do you mean?

17           A.     There isn't -- we aren't asking for a  
18          specific delinquency bucket of loans, if that...

19           Q.     Okay.

20           A.     Yeah.

21           Q.     The -- but some of them are delinquent?

22           A.     A portfolio can have, like I said, current,  
23          and it can vary in stages of delinquency, correct.

24           Q.     Have you ever heard the term "specialized  
25          servicer"?

1           A. I want to say I have, but I don't know much  
2         about that.

3           Q. My understanding of the term specialized  
4         servicer is it refers to a servicer that acquires  
5         loans that -- the portfolios are -- the loans are  
6         primarily in default --

7           A. Okay.

8           Q. -- and they are specializing in that sort of  
9         loan. Would you say, given that definition, that  
10        Seterus is a specialized servicer?

11          A. Seterus is not a specialized servicer.

12          Q. Okay. If -- loans are originally pooled  
13         based upon when they were originated; is that fair?

14                   MR. MINOR: Object to the form.

15          A. Can you restate that?

16          Q. Sure. I'll represent to you the Hagers'  
17         loan was in 2006 --

18          A. Correct.

19          Q. -- by E-Loan.

20          A. That's correct.

21          Q. Okay. And then E-Loan transferred the  
22         servicing rights immediately to Countrywide; is that  
23         correct?

24          A. I'm going to go on your assumption. I  
25         didn't review that sets of records.

1           Q.     Okay. And Countrywide, before they went  
2       under, securitized the loans into a pool based upon  
3       certain criteria, such as credit score and amount of  
4       the home and the interest rate and the date that the  
5       loan was originated, and they would make -- they  
6       would make securitization pools based upon those  
7       categories.

8                   MR. MINOR: I'm going to object to the  
9       form and the witness's ability to answer that  
10      question and not being identified in the Notice.  
11      But of course, to the extent she can answer, please  
12      do.

13           Q.     Do you have an understanding about -- about  
14      that?

15           A.     About specifically Countrywide's association  
16      about --

17           Q.     Basically I just want to know if this is the  
18      same pool that it was in 2006. Because I don't need  
19      you to -- I know about that, but I just want to know  
20      if it's a different pool.

21                   MR. MINOR: Object to the form.

22           Q.     Do you know?

23           A.     Like I said, the pool came -- there was no  
24      specific outlier, there was no specific distinction  
25      to the pool that we service. And the Hagers' loan

1           was in one such pool.

2           Q.     Okay.  Is -- I'm assuming you -- Seterus  
3        received some sort of documentation from Fannie Mae  
4        regarding the specifics of the pool.

5           A.     We correspond with the prior servicer, Bank  
6        of America, before we receive a pool of loans and  
7        we'll run, you know, a prelim --

8           Q.     Preliminary.

9           A.     -- preliminary, preliminary, secondary, and  
10       a tertiary audit on them.  And so, like I said  
11       earlier, the -- the reasons for those audits is just  
12       to maintain that the -- the loan is in a condition  
13       that we can service, meaning that there are no  
14       missing documents, gaps in the loan, that wouldn't  
15       allow us to conduct a full servicing of the loan.  
16       And that really is the -- the spectrum.  Or  
17       that's -- those three audits are what we conduct in  
18       terms of servicing a loan.  Outside of that, you  
19       know, Fannie is the investor --

20           Q.     Okay.

21           A.     -- on the loan and that's it.

22           Q.     Okay.  So you correspond with the previous  
23       servicer regarding this pool or portfolio?

24           A.     That's correct.

25           Q.     Okay.  They provide you with the

1 information?

2 A. With data points, correct.

3 Q. With data points. What is contained in the  
4 data points?

5 A. Just the loan status as it sits. Like I  
6 said earlier, the unpaid principal balance, the date  
7 of origination, the total number of payments made,  
8 the customers' documents, the underwriting  
9 documents, et cetera.

10 Q. And is that sent by an email or is that sent  
11 by some sort of software program?

12 A. It's a CD that we receive.

13 Q. Okay. So they send an electronic CD that  
14 has these data points on it?

15 A. That's correct.

16 Q. Okay. And then you all conduct preliminary,  
17 secondary, and tertiary audits regarding the data  
18 points on that CD?

19 A. That's correct.

20 Q. And then you all make a decision about  
21 whether or not you want that portfolio?

22 A. No.

23 Q. No?

24 A. We review it for completeness. If there are  
25 any issues with the loan in terms of, like I said,

1           there are any gaps that wouldn't allow servicing of  
2           the loan, we will send it back to Bank of America or  
3           the prior servicer. If there are no issues with the  
4           loan, we will onboard it, onboard the loan.

5           Q.     Okay. So the audits are designed to check  
6           that the data points on the CD are full and  
7           complete?

8           A.     That's correct.

9           Q.     And if they're full and complete, you will  
10           onboard it?

11          A.     Correct.

12          Q.     And that -- and what does "onboard" mean?

13          A.     Start servicing.

14          Q.     Okay. And is there some sort of underlying  
15           agreement with Bank of America either with regard to  
16           this portfolio or portfolios generally that governs  
17           that process?

18          A.     We are -- like I said, Seterus is a servicer  
19           for Federal National Mortgage Association, so  
20           whatever servicing guidelines -- servicing  
21           guidelines that they have mandated is what we  
22           follow.

23          Q.     Well, not so much the -- the servicing  
24           guidelines and the guidelines for how you go about  
25           servicing the loans, but I'm assuming there's some

1 sort of document generated that oversees the  
2 transaction of transferring from Bank of America to  
3 Seterus?

4 MR. MINOR: I'm going to object on the  
5 grounds that this is somewhat far afield of the  
6 Notice. But again, to the extent you can answer,  
7 please do.

8 A. Again, I've answered to the best of my  
9 knowledge in terms of what I know about the boarding  
10 process and the servicing of this loan.

11 Q. Let's go back to the Notice. If you could  
12 turn to page 6.

13 A. Yes, sir.

14 Q. And look to paragraph 15. Do you see that?

15 A. I do.

16 Q. Okay. And it says:

17 "Information concerning the specific  
18 background and history of the loan and Seterus'  
19 purchase and servicing of the same, including  
20 detailed background regarding the circumstances  
21 surrounding your acquisition of the Debt."

22 Do you see that?

23 A. I do.

24 Q. Are you prepared to testify about that?

25 A. I am.

1           Q.     Okay. Tell me about the specific background  
2         and history of the loan and Seterus' purchase and  
3         servicing of the same, while please providing  
4         detailed background regarding the circumstances  
5         surrounding your acquisition of the debt.

6                   MR. MINOR: Object to the form.  
7         Compound question.

8                   MR. MAGINNIS: Let's go off for a  
9         second.

10                  (Discussion was held off the record.)

11                  MR. EDWARDS: Back on at 10:32.

12                  BY MR. MAGINNIS:

13           Q.     Okay. Ms. Jacob can --

14           A.     Yes.

15           Q.     -- let me rephrase the question.

16                  Can you provide me with the details of how  
17         the process works in terms of taking it from Bank of  
18         America servicing to Seterus servicing just for the  
19         Hagers' pool?

20           A.     And like I --

21                  MR. MINOR: Object to the form.

22           A.     Like I said earlier, there are no specific  
23         distinctions for any one pool. The Hagers' loan was  
24         part of a pool that Seterus received. Federal  
25         National is the investor on the loan, was the

1 investor when Bank of America was servicing the  
2 loan. And it was just a service transfer from Bank  
3 of America to Seterus.

4 And that -- and I explained to you that in a  
5 boarding process, we run just data points on the  
6 pool, not specific to any loan. Again, the Hagers'  
7 loan was the one loan within the pool.

8 Q. Who makes the decision regarding that the  
9 servicing rights to the pool are going to be  
10 transferred? Who decides that that's going to  
11 happen?

12 MR. MINOR: Object to the form.

13 A. I stated earlier, it would be -- not me, it  
14 would be in management. It would be a decision made  
15 by Federal National, by Bank of America management  
16 and Seterus management.

17 Q. Is that pursuant to some sort of written  
18 agreement between one or any of those parties?

19 A. Not that I --

20 MR. MINOR: Object to the form.

21 A. Not that I know of.

22 Q. Okay. So you don't have any knowledge about  
23 the underlying business agreements between any of  
24 those parties that might lead to the servicing  
25 rights being transferred?

1 MR. MINOR: Object to the form.

2 A. Outside of the servicing guide, that Federal  
3 National Servicing Guide is what we use to service  
4 loans. Outside of that, no.

5 Q. Okay. And is there anything in the Fannie  
6 Mae Servicing Guide that talks about acquiring a  
7 portfolio, the decisions regarding acquiring a  
8 portfolio, or do those just govern what to do once  
9 you've acquired the servicing rights?

10 A. The -- do you have the Servicing Guide with  
11 you? I mean I don't -- I can't pinpoint to any  
12 specific --

13 Q. Well, let's just --

14 A. -- page of paragraph without it.

15 Q. Other than the Servicing Guide, Fannie Mae  
16 Servicing Guide, are you aware and prepared to  
17 testify on behalf of Seterus regarding any other  
18 documents that governed the transfer of the  
19 servicing of the loan?

20 A. For the Hagers' loan, it would be the Deed  
21 of Trust, and the Note, and the Fannie Mae Servicing  
22 Guide.

23 Q. Okay. Other -- and I know the Note and the  
24 Deed of Trust govern the Hagers' loan specifically,  
25 but are you, on behalf of Seterus, prepared to

1 testify regarding any agreements that govern the  
2 transfer of the pool of loans?

3 MR. MINOR: Object to the form.

4 A. I mean, do you have a specific document that  
5 you're referencing?

Q. I'm asking you if you're aware of any?

7           A. Again, if you have a specific document that  
8 you're referencing, I can take a look at that.

9           Q.     Okay.  But you're, sitting here today, not  
10        aware of what documents might govern the transaction  
11        of transferring servicing rights from Bank of  
12        America to Seterus?

13           A.     If you have a document that you can present,  
14           then I can review it.

15 Q. Well, let me -- let me ask the question  
16 again. Are you aware -- I mean, and if -- and if  
17 the answer is no, then that's okay, but are you  
18 aware of any documents that govern the relationship  
19 regarding the transfer of the servicing rights of  
20 the pool?

21           A. I think I've answered, you know, with the --  
22           the three documents that I mentioned. And then if  
23           there are additional documents, if you would provide  
24           them, then I can refer to -- or reference them.

25 O. Okay. When you receive the data points on

1           the CD --

2           A.     Correct.

3           Q.     -- is it just like a spreadsheet or what --

4           what is -- how are the data points contained?

5           A.     I have a general knowledge. I haven't  
6           worked in the data boarding department. My  
7           understanding is the data points are received in a  
8           readable format. They review it for accuracy.

9           Q.     The notes are not contained on the CD?

10          A.     Again, I have a very general knowledge of  
11           it. They are readable. Our employees are able to  
12           read and decipher them.

13          Q.     Okay. What do they read?

14          A.     To my knowledge is, as -- as I stated  
15           before, the general points of the -- of the loan,  
16           the unpaid principal balance, the history of the  
17           loan, et cetera.

18          Q.     And is that on a chart or a spreadsheet or  
19           does each loan have a little folder that has  
20           documents in it; do you know?

21          A.     Again, no, I don't.

22          Q.     Okay. Do you know if Seterus, when they  
23           were reviewing the data points for completeness, had  
24           access to the Hagers' Note?

25          A.     We had the preliminary -- excuse me,

1       preliminary data points. At point -- when the data  
2       points came over, we were not servicing the loan, so  
3       the servicer who was servicing would have had their  
4       original Note and mortgage and original underwriting  
5       documents.

6           Q.    Okay. So when you were making the decision,  
7       reviewing the data points for completeness, Seterus  
8       did not have the Note?

9           A.    Before boarding -- yeah, before service  
10      transfer. And I don't know when it -- I don't have  
11      a specific date of when it -- when this review  
12      occurred. Like I said, I have a very general  
13      understanding of it. We're just reviewing the loan  
14      for its -- we're reviewing the portfolio or pool of  
15      loans for accuracy.

16          Q.    Okay. So you don't have the physical Note  
17      at that point?

18          A.    For when we're not servicing, no, we don't.

19          Q.    Okay. You don't have the physical Deed of  
20      Trust at that point?

21          A.    Before service transfer, we don't.

22          Q.    Okay. After the service transfer -- how  
23      does that -- how does that happen, the service  
24      transfer? What -- how does that work functionally?  
25      You've said you've reviewed the data points, you've

1           done preliminary, secondary, and tertiary audits,  
2           and so now you all are going to begin servicing.  
3           What happens to effectuate that?

4           A.     We send out our welcome letter to the  
5           customer. The prior servicer will send out their  
6           goodbye letters. And then our custodians or our --  
7           we have a custodian department. All the original  
8           documents or any documents associated with the loan  
9           will be transferred over to our custodian.

10          Q.     Okay. So they would be in like a warehouse  
11           somewhere so you can access them?

12          A.     That's correct.

13          Q.     Okay. They're not automatically reviewed,  
14           but they are made available so that if you need to,  
15           you can review them?

16          A.     I'm not -- I don't work in that department,  
17           so I couldn't speak to the specifics of if they are  
18           reviewed.

19          Q.     Well, when Seterus acquires the servicing  
20           rights, is there any procedure where the Note is  
21           reviewed before the servicing begins?

22          A.     I don't have any specific knowledge to that.

23          Q.     Okay. Is there a procedure where the Deed  
24           of Trust is reviewed before the servicing begins?

25          A.     Again, our custodian department and our

1       boarding department do review the original  
2       documents. I, in my job function, do not, so I  
3       couldn't speak to that.

4 Q. Well, they receive them, but do they review  
5 them?

6 MR. MINOR: Object to the form.

7           A. Again, like I said, in my job function and  
8        duties, I have a very general knowledge and they --  
9        it is my understanding that they review it.

10 Q. Every loan?

11           A. Again, I don't -- it's just general  
12 knowledge that I know.

13           Q.     Well, Ms. Jacob, I -- you know, as much as I  
14       like you, I'm not interested in what you have to  
15       say.   I'm interested in what Seterus has to say.   So  
16       you're here on behalf of Seterus.

17 So on behalf of Seterus, does Seterus know  
18 whether or not individual notes and deeds of trust  
19 are reviewed upon the transfer of servicing rights?

20           A. Again, it would be a case-by-case basis, so  
21           if there is a need for it to be reviewed, then it  
22           will be reviewed.

23 Q. Okay. So it's not automatic, but if they  
24 need it, you know where it is and you could get it?

25 A. Correct. That's correct.

1           Q.     Okay.  But specific terms -- what would be  
2        in -- you may have already said this, but do you  
3        have an understanding of what is contained in the  
4        data points that are reviewed?

5           MR. MINOR:  Object to the form.

6           A.     I have a general understanding.  Like I said  
7        earlier, the data points consist of the total loan  
8        balance, the history of the loan.

9           Q.     Let me stop you there.  History of the loan,  
10       what -- what would that contain?

11          A.     Transactions made, any charges assessed,  
12       total amounts due.

13          Q.     Okay.  So payments and credits and debits on  
14       a particular loan?

15          A.     Is one -- one area, correct.

16          Q.     Okay.  History of loan, loan balance, what  
17       else?

18          A.     And then general servicing of the loan and  
19       all that it incorporates.

20          Q.     Well, what would be -- what data points  
21       would be in that?

22          A.     It could be contacts, customers' addresses,  
23       personal information on the -- on the loan.

24          Q.     Contact information?

25          A.     Correct.

1 Q. Name?

2 A. Correct.

3 Q. Address?

4 A. Uh-huh.

5 Q. Okay. Anything else?

6 A. I mean, it's a large loan file. I'm giving  
7 you an idea of what it could encompass. I don't  
8 have -- I haven't memorized the entire list.

9 Q. Rate, would that be one of them?

10 A. Sure.

11 Q. Anything else that you can think of?

12 A. Again, like I said, the data points  
13 encompass the total loan and all the details  
14 associated with it. So the information from the  
15 Note, the interest rate, the term, the total loan  
16 origination amount, values that are conducted,  
17 property inspections that are conducted. These are  
18 just examples of the data points that could come  
19 across.

20 Q. Anything -- I know the Note and the Deed of  
21 Trust are not included in the data points, but  
22 anything regarding language in the Note or the Deed  
23 of Trust that would be included in the data points?

24 A. I don't believe I said that the Note and  
25 Deed of Trust is not associated in the data points.

1       They are the binding documents that make up the  
2       loan, so they are there.

3           Q. Well, they're not -- they're not -- and I  
4       don't mean to put words in your mouth, but  
5       they're -- I think you said that they're not  
6       provided when you're doing the audits.

7           A. Okay. So are you -- are you referencing  
8       after loan servicing or are you referencing before?  
9       I'm confused.

10          Q. Before. I'm talking about when you review  
11       it, other than loan balance, loan history, contact  
12       information, the rate, maybe the payment amount,  
13       what else is in the data points?

14                   MR. MINOR: Object to the form.

15          A. As I -- as I stated, generally all the  
16       loan -- all the loan amounts, the numbers associated  
17       with the loan, which include, the rate, not limited  
18       to the items that I said, but include those items.

19          Q. Okay. Anything else?

20          A. From memory, I couldn't -- these are what I  
21       can remember.

22          Q. Okay. All right. Let's shift gears a  
23       little bit.

24                   How many loans does Seterus service  
25       currently?

1 MR. MINOR: Object to the form.

2 A. I want to say upwards to 500,000.

3 Q. Okay. 500,000 different loans?

4 A. More than that, I'm sure.

5 Q. And has that increased over the past few  
6 years? Is it about the same? Decreased?

7 A. It constantly flows.

8 Q. Well, if it's 500,000 now, would you have a  
9 sense of what it might have been in -- in 2012?

10 A. I don't.

11 Q. Okay. Would it have been close to that?

12 A. I don't -- I couldn't say.

13 Q. Okay. Would it have been more than 400,000?

14 A. Again, I -- I wouldn't be able to say.

15 Q. But it's 500,000 now approximately?

16 A. I said upwards or more than that.

17 Q. It could be more than that?

18 A. Uh-huh.

19 Q. Could it be more than a million?

20 A. I wouldn't be able to say.

21 Q. Well, how did you come up with 500,000?

22 A. The last time I was -- I reviewed it, that  
23 was the last number that I -- that I had heard.

24 Q. When was that?

25 A. I want to say last year.

1 Q. Okay. So it was about 500,000 in 2015?

2 A. Correct.

3 Q. Okay. What is the size of the -- when you  
4 reviewed it in 2015, would you also have had  
5 information about the size of the portfolio?

6 A. Those are all --

7 MR. MINOR: Object to the form.

8 A. Those are all the loans that we -- that we  
9 service, so I don't know. Are you asking about a  
10 specific portfolio?

11 Q. No. Maybe that was a poor question.

12 The -- the total value, principals,  
13 principal value of these 500,000 loans, what would  
14 be the sum total of those --

15 MR. MINOR: Object to the --

16 Q. -- approximately?

17 MR. MINOR: Object to the form.

18 A. I don't know.

19 Q. Okay. Would you agree that one of the ways  
20 in which Seterus generates revenue is they receive a  
21 percentage of the total principal balance on their  
22 loans?

23 MR. MINOR: Object to the form.

24 A. I can't make that determination. I don't  
25 know.

1 Q. You don't know if that's true or not?

2 A. I don't.

3 Q. Okay. Well, let me ask it this way: How  
4 does Seterus make money?

5 MR. MINOR: Object to the form.

6 A. Again, I'm here to speak about the specific  
7 case and the items that are in the deposition  
8 Notice. If you want to ask me a specific question  
9 regarding this specific case, I can answer that.

10 Q. If you could go back to the Notice, back to  
11 page 5, paragraph 2. And if you look at the  
12 phrase -- the last phrase of paragraph 2 beginning  
13 with "And basic information."

14 A. Okay.

15 Q. Do you see that?

16 A. Yeah.

17 Q. And so one of the topics in which we asked  
18 you to be prepared to testify about or asked Seterus  
19 to be prepared to testify about was:

20 "Basic information pertaining to the revenue  
21 and/or profit generated from the same," with "the  
22 same" being servicing of debts, right?

23 A. I read that.

24 Q. Okay. Are you able to testify with just  
25 basic information regarding the revenue and/or

1 profit that Seterus makes?

2 MR. MINOR: Object to the form.

3 A. Again, Seterus is a mortgage -- I mean we  
4 service loans. That's what we do. So I don't know  
5 how revenue is generated specifically.

6 Q. Okay.

7 A. But that is our company product or that's  
8 what we do, we mortgage -- service mortgage loans.  
9 I -- my understanding is limited to that.

10 Q. And you -- you service pursuant to the  
11 Fannie Mae servicing guidelines?

12 A. Correct.

13 Q. Okay. And is there any other servicing  
14 agreement that you all service the loans pursuant  
15 to?

16 A. That is the main servicing guide that we --  
17 that we use. I don't know of any other one.

18 Q. Okay. Like you wouldn't use the servicing  
19 agreement from way back when a loan was originated;  
20 you wouldn't use that?

21 A. A Note and the -- and the Deed of Trust and  
22 what -- and the paragraphs that are maintained in  
23 the Note and Deed of Trust, they do affect the way  
24 that the loan is serviced.

25 Q. Sure. And maybe that was a poor question.

1                   Have you ever heard the term of a "master  
2                   servicing agreement"?

3                   A. I haven't.

4                   Q. Okay. I'll represent to you that the term  
5                   "master servicing agreement" refers to an agreement  
6                   that sets forth the servicing rights for a pool of  
7                   loans.

8                   A. Okay.

9                   Q. Okay. So within that master servicing  
10                  agreement, it -- because it's going to investors, it  
11                  sets forth how the servicer gets paid.

12                  A. Okay.

13                  Q. Have you ever seen anything like that  
14                  before?

15                  A. No, I haven't.

16                  Q. Have you ever reviewed the portion of the  
17                  Fannie Mae servicing guidelines that address how  
18                  servicers get paid?

19                  A. Do you have -- do you have it with you that  
20                  I can reference?

21                  Q. I'm just asking if you've reviewed it.

22                  A. I mean, I don't -- if I don't see it, I  
23                  don't -- I'm not sure if I could speak to it.

24                  Q. Well, I'm not asking you to speak to it.  
25                  I'm just asking if you've ever reviewed it.

1           A. I'm sure I have. I just don't have it with  
2 me to reference.

3           Q. Okay. But -- well, we talked -- it's the  
4 Fannie -- what governs the servicing is the Note,  
5 the Deed of Trust, and the Fannie Mae Servicing  
6 Guide, correct?

7           A. Correct.

8           Q. Okay. So are you aware of any terms in the  
9 Note that reflect what the servicer gets paid?

10          A. To the best of my knowledge, no.

11          Q. Are you aware of any terms in the Deed of  
12 Trust that reflect how the servicer gets paid?

13          A. To the best of my knowledge, no.

14          Q. Are you aware of whether there's terms in  
15 the Fannie Mae servicing guidelines that discuss how  
16 the servicer gets paid?

17          A. Again, the servicing guideline is a large  
18 document. If there's a specific --

19          Q. Yeah. It's really long. It's like a  
20 thousand pages.

21          A. Yeah.

22          Q. Okay. But you're -- so you -- you are not  
23 aware of how Seterus gets paid on -- for the  
24 servicing of an individual loan?

25          A. Of an individual loan, no.

1           Q.     Okay. And you're not aware of how Seterus  
2     gets paid for the servicing of a pool of loans?

3           A.     Outside -- outside of the fact that we  
4     service the loans, no.

5           Q.     Okay. And are you able to testify regarding  
6     Seterus' revenue from 2015?

7           A.     I am not able to.

8           Q.     Can you ballpark it?

9                            MR. MINOR: Object to the form.

10          A.    I wouldn't be able to, no.

11          Q.    Do you know if it's billions of dollars?

12          A.    Again, I would --

13                            MR. MINOR: Object to the form.

14          A.    -- I would not want to make that  
15     determination.

16          Q.    Okay. Do you know what the average size  
17     loan Seterus holds among its 500,000 loans, the  
18     average size of the loan?

19          A.    Are you talking about the total amount due?

20          Q.    Uh-huh.

21          A.    It could vary, like I said. When a customer  
22     makes a payment, it could -- it just varies. It  
23     depends on the time that you look at the -- look at  
24     a specific loan.

25          Q.    Oh, yeah. I understand that a loan -- that

1           the balance, the amount owed can go up and go down  
2           depending on if the customer pays or not.

3           A.     Right.

4           Q.     But I'm asking if you are aware of what the  
5           average size amount due and owing is on these  
6           500,000 loans?

7           A.     I don't -- I don't believe that we keep  
8           records like that.

9           Q.     Okay.

10          A.     We service -- we service mortgage loans.  
11          They come in. There's no specific outlier. We  
12          service them as they come in. We make sure that  
13          they are serviceable, and then here we are.

14          Q.     But you don't know whether Seterus gets a  
15          percentage of the total principal balance on a  
16          particular loan as payment for servicing?

17          A.     Not that I know of. I don't know.

18          Q.     And you don't know then what the percentage  
19          might be?

20          A.     I don't.

21          Q.     Okay. And -- and you don't know whether  
22          Seterus gets to keep any late fees that are -- are  
23          assessed and paid?

24          A.     Are you talking about this specific loan?

25          Q.     I'm talking about Fannie Mae loans

1 generally.

2 MR. MINOR: Object to the form.

3 A. Again, if it's this specific loan, I can  
4 speak to it. If you want to know something specific  
5 about late charges, ask me and I will let you know.

6 Q. Okay. Let's talk about this specific loan.

7 What does Seterus make on this specific loan  
8 as a payment for servicing it?

9 MR. MINOR: Object to the form.

10 A. I believe you're asking me about revenue and  
11 I -- I couldn't tell you about revenue.

12 Q. Okay. If the Fannie Mae guidelines do  
13 address how servicers can get paid, would you have  
14 any reason to dispute that?

15 A. I wouldn't.

16 Q. Okay. If the Fannie Mae guidelines do  
17 address how servicers get paid, would Seterus aim to  
18 follow that?

19 A. Seterus would follow the Fannie Mae  
20 servicing guidelines, yeah.

21 Q. Okay. So if the Fannie Mae servicing  
22 guidelines set forth how servicers get paid, that  
23 would be how Seterus gets paid?

24 A. I would you agree with that, yes.

25 Q. And Fannie -- they only do Fannie Mae owned

1           loans?

2           A.    That's correct.

3           Q.    So there is no other document that would set  
4           forth how they get paid?

5           A.    No.

6           Q.    Okay. But you don't -- you know there's --  
7           at least in 2015, you know there were 500,000 loans,  
8           but you don't know what the total principal balance  
9           of those \$500,000 (sic) loans is?

10           MR. MINOR: Object to the form.

11           A.    Again, I didn't say that that was  
12           specifically 500,000. It could be upwards -- my  
13           answer was upwards of 500,000. That's just in my  
14           general understanding.

15           Q.    Okay. Yeah. And, you know, I'm not looking  
16           for 508,426 --

17           A.    Right.

18           Q.    -- right, I get it. I'm just trying to get  
19           a sense of how Seterus makes money and -- and what  
20           they make. I mean that was one of the topics that  
21           we asked you to be prepared to testify about. But  
22           you are not able to testify about Seterus' revenue?

23           A.    We are a mortgage servicing company.

24           Obviously, we are making -- you know, obviously  
25           we -- we are continuing to service. I don't know

1           the specifics about a specific loan or a pool of  
2        loans or a monetary value assessed to that. I do  
3        not know.

4           Q. Okay. Or even generally, you don't -- you  
5        don't have any information about that generally  
6        either, correct?

7           A. Correct.

8           Q. Okay. What -- what does Seterus do to  
9        ensure that they comply -- strike that.

10           We talked about the Note, the Deed of Trust,  
11        and the Fannie Mae servicing guidelines being the  
12        governing documents for any individual loan.

13           A. Correct.

14           Q. Okay. What does Seterus do to ensure  
15        compliance with those three documents in the  
16        servicing of any one particular loan?

17           A. We have set our mortgaging service to follow  
18        those three documents. So our procedures are in  
19        step with all of those three documents.

20           Q. Okay. Procedures, do you mean written  
21        procedures?

22           A. Written or any communications we have or  
23        servicing of the loan, transaction history is the  
24        way we upkeep it.

25           Q. Okay. So is there some sort of

1           underlying -- I'm assuming there's some sort of  
2           software program that's utilized.

3           A.     We use MSP as our servicing tool.

4           Q.     Do you license that or own it?

5           A.     I don't know the answer to that question.

6           Q.     Is MSP something proprietary that Seterus  
7           created or is it somebody else's product?

8           A.     I believe it's an industry-wide used  
9           product.

10          Q.     So you guys use the software MSP to service  
11         the loans?

12          A.     Correct.

13          Q.     Okay. And you have written procedures  
14         designed to ensure compliance with the Note, Deed of  
15         Trust, and Fannie Mae servicing guidelines?

16          A.     Correct.

17          Q.     Okay. What sort of -- what sort of written  
18         procedures are there?

19          A.     Excuse me.

20          Q.     And if you need to take a break. I didn't  
21         include that in the original instructions, but if  
22         you do need to take a break at any time, just let me  
23         know, and I just ask that you finish the answer to  
24         any pending question.

25          A.     Thank you.

1                   The written procedures stem from -- I mean,  
2                   I hate to sound like a broken record, but it really  
3                   does stem from those three documents, which is the  
4                   Note, the Deed of Trust, and the Fannie Mae  
5                   guidelines.

6                   Q.    Well, there wouldn't be a written procedure  
7                   created for each individual note, right?

8                   A.    No.

9                   Q.    Okay. Or each individual Deed of Trust?

10                  A.    No.

11                  Q.    Okay. So the written procedures are  
12                  intended to line up with the Fannie Mae servicing  
13                  guidelines?

14                  A.    And they will take into account the language  
15                  that is written in the Deed of Trust and the Note.

16                  Q.    Okay. Give me an example of that.

17                  A.    That when a payment is made that it's posted  
18                  to the account at the time that it was made.

19                  Q.    Okay. How is that -- how is that entered  
20                  into MSP what an individual Note or Deed of Trust  
21                  says?

22                  A.    So when a payment is made, so say, for  
23                  example, a payment is made over the telephone, once  
24                  that payment is processed and it comes through, then  
25                  it would be entered into the transaction history.

1           Q.     Okay. Let's say hypothetically one Note  
2        says payment -- post the payment on the day it's  
3        received, to use your example, and another Note says  
4        post the payment within three days of it being  
5        received -- I don't know if that would ever be in  
6        the Note, but how -- how would MSP or Seterus  
7        distinguish between the language of an individual  
8        Note?

9           A.     We have procedures in step with each  
10      specific state. So a Note is generally a result of  
11      the state that they are originated in. And  
12      therefore, there are -- we -- the differences in our  
13      procedures essentially stem from those different  
14      state guidelines as well.

15          Q.     Right. So each state usually has kind of a  
16      Uniform Note and a Uniform --

17          A.     Correct.

18          Q.     -- Deed of Trust?

19          A.     Uh-huh.

20          Q.     And particularly if they want to be in  
21      compliance with Fannie, they have a uniform Fannie  
22      Note and a Uniform Fannie Deed of Trust?

23          A.     The states do, yeah.

24          Q.     Right. And so you all are aware of what  
25      those -- to use North Carolina --

1 A. Correct.

2 Q. -- you are aware of what the --

3 A. Correct.

4 Q. -- North Carolina Uniform Fannie Mae Note  
5 says?

6 A. We would have procedures and policies in  
7 place to comply with the State of North Carolina,  
8 for example.

9 Q. Right. So that there are policies and  
10 procedures in place to account for the individual  
11 language in the uniform North Carolina Fannie Mae  
12 Note?

13 A. Yes.

14 Q. And the Uniform North Carolina Fannie Mae  
15 Deed of Trust?

16 A. Correct.

17 Q. And so the policies and procedures are  
18 designed to account for those uniform documents?

19 A. Correct.

20 Q. And so everybody -- the -- the system is set  
21 up to automate and deal with everybody the same  
22 based upon those notes?

23 A. The system is set up to deal with the states  
24 as -- as they require.

25 Q. Right. But everybody --

1           A.     So a state -- like in Texas, it wouldn't be  
2       the same in terms of a customer's spouse that might  
3       call in as opposed to the state of North Carolina,  
4       for example.

5           Q.     Right. But in North Carolina, the Note and  
6       Deed of Trust, everybody would be -- the system  
7       would treat everybody in North Carolina the same?

8           A.     It should.

9           Q.     It would -- it would have a standard North  
10      Carolina document and it would operate pursuant to  
11      that North Carolina document?

12          A.     Correct.

13          Q.     Okay. There wouldn't be -- the Hagers, for  
14      example, being in North Carolina, might be different  
15      from how you all deal with your Idaho loans, but it  
16      would be the same as everybody in North Carolina?

17          A.     It should be, yes.

18          Q.     Okay. And that's true today and was true in  
19      2012?

20          A.     Yes.

21          Q.     And every year since?

22          A.     Yes.

23          Q.     Okay. Are there written policies and  
24      procedures, to the extent they exist, state specific  
25      or not?

1           A.     State specific?

2           Q.     Yeah.

3           A.     And that state would require a certain  
4         specific policy or procedure, yes.

5           Q.     So, for example, is -- would there be a  
6         written policy and procedure that discusses form  
7         letters to people in North Carolina?

8           A.     If the State of North Carolina requires  
9         that, then yes.

10                  For example, I was just thinking, like the  
11         State of Wyoming or -- if -- if there are no  
12         outliers, if there's no specific procedures or  
13         policies, then it would be the -- the Fannie Mae  
14         servicing guidelines which -- and the Note and the  
15         mortgage or the Deed of Trust, which govern how the  
16         mortgage servicing would have -- occur in those  
17         states.

18                  If there are any -- if there are any  
19         specific compliance issues that need to be  
20         addressed, then we will want to take those steps and  
21         procedures to make sure that we are in compliance  
22         with that state.

23                  Q.     Well, and later we're going to look at kind  
24         of this ledger that sets forth all of the  
25         communications between Seterus and Hager that was

1           produced to us in discovery. And there was a form  
2           that was sent called "NC Final." Is it fair to say  
3           that that was likely a North Carolina specific form?

4           A.     Yes.

5           Q.     Okay. And that would be sent to everybody  
6           in North Carolina who it is -- it's -- you know,  
7           it's --

8           A.     If it pertains to their -- their loan,  
9           correct.

10          Q.     If what they've done with regard to that  
11           loan is to automatically generate the NC Final, they  
12           get the NC Final?

13          A.     Right.

14          Q.     Okay. But somebody in South Carolina might  
15           not get that, they might get a different one?

16          A.     Correct.

17          Q.     Okay. Is there -- what sort of discretion  
18           do individual employees of Seterus have in terms of  
19           the servicing or is it all automated pursuant to a  
20           state, a specific state, policies and procedures?

21          A.     Could you expand on what you mean by  
22           "discretion"?

23          Q.     Yeah. Maybe that was a poor question. I'm  
24           trying.

25           The -- you talked about how MSP is uploaded

1       with specific policies and procedures to -- for  
2       North Carolina borrowers.

3           A.    Correct.

4           Q.    Okay. And so North Carolina borrowers all  
5       are treated in MSP identically in terms of how to  
6       record payments and how to send letters and things  
7       like that?

8           A.    That's correct.

9           Q.    Okay. Is there -- what sort of discretion  
10      do individual employees of Seterus have to go  
11      outside of MSP in terms of how they're interacting  
12      with a customer? Is it none or is it some?

13          A.    Could you use a different word other than  
14      "discretion"?

15          Q.    What sort of -- let me just ask it this way:  
16      Is it all -- is how Seterus deals with a North  
17      Carolina customer all automated?

18          A.    No.

19          Q.    Okay. How is it -- what situations is it  
20      not automated?

21          A.    When a customer writes a qualified written  
22      request, for example.

23          Q.    Okay.

24          A.    Our response would be specific to the  
25      correspondence or the subject matter in that written

1 request. And so we would address it, given the  
2 policies and procedures in North Carolina, and then  
3 answer the specific subject matters that was  
4 addressed.

5 Q. And when you say "qualified written  
6 request," you're referring to a qualified written  
7 request as defined by RESPA?

8 A. Yeah.

9 Q. Okay. So when somebody submits a written  
10 letter with specific questions about their loan,  
11 those receive individualized attention and  
12 individualized response?

13 A. Yeah. And not only -- that's one example.  
14 Not only that, when a customer calls in, when a  
15 North Carolina residence calls in, it's not an  
16 automated response. A customer service agent  
17 tailors their response to the questions that are  
18 posed by the customer.

19 Q. Well, okay, that's a good point. So when --  
20 when they tailor their response, the words that are  
21 used are -- are the customer service agent's own  
22 words, it's not a computer, right?

23 A. Correct.

24 Q. Okay. Are there actions automated in  
25 that -- and I know you don't like the word

1       discretion, but if you can think of a better one,  
2       let me know. Take -- take late fees, for example.  
3       Sometimes late fees get waived, sometimes they  
4       don't. Is that an individual's call or are there  
5       written policies and procedures that say under X, Y  
6       and Z, you can waive them, under A, B, and C, you  
7       can't?

8           A. I'm going to use a different example.

9           Q. Okay.

10          A. When speed pay payments are made. For  
11       example, a customer calls in and says I want to make  
12       an automatic payment, generally there's a \$10 fee  
13       assessed with it. It is a mandated fee that has to  
14       be charged to each calling customer. A customer  
15       service agent can make that discretion to see if  
16       they want to make that -- they want to apply the \$10  
17       fee or not. It just kind of depends on that fee  
18       specifically, if it's a first time caller. So the  
19       call team agent will make that discretion.

20           A late fee, in direct opposition to a call  
21       service fee, is something that is outlined by the  
22       Deed of Trust and the Note and the federal -- and  
23       the Fannie Mae guidelines. And so that is a fee  
24       that's assessed outside of 15-day grace period. It  
25       is assessed to a loan when a payment is not received

1       on time. But that is an automatic payment. If we  
2       don't receive -- if we don't receive a payment, then  
3       it is assessed.

4                 But someone -- but a -- someone can go back  
5       and review those late payments and see if they need  
6       to be removed. And they can be removed.

7       Q.     Okay. So two things. Let's talk about  
8       the -- the review as to whether or not to remove  
9       them, okay. And is that kind of similar to the  
10      assessment of the \$10 fee for the -- making the  
11      phone -- payment by phone in that there's some --  
12      some ability for the individual customer service  
13      representative to make a decision?

14                 MR. MINOR: Object to the form.

15       A.     No.

16       Q.     No?

17       A.     And I -- my answer was that it's in --

18       Q.     Okay.

19       A.     -- direct opposition and is not associated  
20      at all.

21       Q.     Okay. So let's use your example of the \$10  
22      fee then.

23                 Are there written procedures regarding when  
24      you -- if there -- it's their first time being  
25      late, et cetera, are there written guidelines that

1 dictate whether the \$10 fee is assessed or not?

2 A. Let's leave the \$10 fee -- I think that's  
3 confusing you. Just a late fee, right?

4 Q. Okay.

5 A. You're talking about a late fee. There are  
6 written guidelines for the late fee. The late fee  
7 is -- the guidelines are the -- the Deed of Trust --

8 Q. Yeah.

9 A. -- that outline when a late fee is assessed  
10 for a monthly mortgage payment, for example.

11 Q. Right. So the assessment of the late fee is  
12 automatic?

13 A. Yes.

14 Q. Okay. The basic governing of -- the  
15 assessment of the late fee is automatic, correct?

16 A. Correct.

17 Q. The -- the receiving the payment, how it's  
18 applied is automatic?

19 A. Yes.

20 Q. You know, whether it's applied to principal,  
21 interest, or a suspense account --

22 A. Correct.

23 Q. -- that's automatic?

24 A. Correct.

25 Q. The -- but if somebody calls after the late

1       fee has been automatically assessed, there is some  
2       ability for an individual to waive it or not?

3           A. No, no. Those two are two different.

4           Q. Okay.

5           A. I'm just saying -- I was referencing  
6       something completely different.

7           Q. Okay.

8           A. For a late fee, you can't call in and say,  
9       hey, can I get my late fee removed. A late fee,  
10      again, being mandated by the Deed of Trust, has --  
11      cannot just get removed. It can be requested and  
12      we'll review it. And someone can go back -- our  
13      payment research team can go back and remove those  
14      late fees.

15           The \$10 charge is not really -- it's not  
16      associated with any of the late fees. I was just  
17      making an example to clarify what we were talking  
18      about.

19           Q. Okay. Well, what we were kind of talking  
20      about before is -- is kind of what's -- what happens  
21      automatically and what doesn't --

22           A. Okay.

23           Q. -- and you used the example of QWR that's  
24      going to receive an individualized inquiry?

25           A. Right.

1           Q.     And it sounds like if a customer calls in  
2       with a request for Seterus to do something, that's  
3       going to receive an individualized inquiry?

4           A.     It can.

5           Q.     Okay. What else would have an  
6       individualized inquiry versus automatic?

7           A.     When a loan is in litigation.

8           Q.     Okay. What about property inspection fees,  
9       is that automatic?

10          A.     They follow -- property inspection fees  
11       follow the guidelines, the Fannie Mae guidelines.

12          Q.     Okay. In the same way that the Fannie Mae  
13       guidelines are plugged into MSP and it is -- it's  
14       automatic?

15          A.     Correct.

16          Q.     If a loan is in default for X number of days  
17       and the Fannie Mae guidelines say do a property  
18       inspection fee at that point, that's -- somebody  
19       gets called and it happens?

20          A.     Yes.

21          Q.     Okay. Are the -- the letters that are sent  
22       out on behalf of Seterus, is that automatic?

23                   MR. MINOR: Object to the form.

24          A.     Automatic in that they reflect the loan  
25       status of the loan.

1           Q. Yeah. It's plugged into MSP that if a  
2       customer has certain criteria, they get letter X  
3       automatically?

4           A. Yes.

5           Q. Okay. No one is saying, hey, let's send  
6       letter X, it's automatic?

7           A. Someone is saying that, someone has inputted  
8       that information into the system for it to be  
9       generated.

10          Q. So not on an individualized basis, but as  
11       far as North Carolina, certain parameters are put  
12       into place in the software such that if a customer  
13       reaches a certain situation a certain letter gets  
14       sent --

15          A. That's correct.

16          Q. -- automatically?

17          A. Correct.

18          Q. Okay. What about phone calls, is that  
19       similar in that phone calls are made automatically  
20       when a customer reaches a certain situation?

21          A. No. Because once we -- it depends on if  
22       we're able to reach a customer or not. If we're  
23       able to reach a customer and have -- and -- and  
24       resolve the matter that we're calling about, then  
25       it -- it doesn't require -- it kind of -- it

1       depends -- then it requires someone that assesses if  
2       another call needs to be made or not.

3           Q.    Okay. Well, the -- an individual assesses  
4       whether or not subsequent phone calls are necessary  
5       after initial phone calls are made?

6           A.    After reaching a customer and speaking to  
7       them if -- if -- if we're able to resolve the reason  
8       why we're calling within that phone call.

9           Q.    Okay.

10          A.    In the same sense of the letters  
11       essentially. If -- if a customer resolves the --  
12       the main subject of the letter, then it doesn't  
13       require another letter being sent out.

14          Q.    Sure. Is it -- is it fair to say then that  
15       the initial call that seeks to reach the customer in  
16       order to attempt to reach a resolution, that's  
17       automatic?

18          A.    I guess I need more information about what  
19       you mean about "automatic."

20          Q.    Well, in the same way we've been talking  
21       about. Meaning in North Carolina, if a customer  
22       gets a certain -- parameters on their account, in  
23       the same way they get a letter automatically, would  
24       they get a phone call automatically?

25          A.    Someone would have to review it.

1 Q. Before even the first phone call is made?

2 A. Yeah.

3 Q. Okay. But not the letters?

4 A. The letters, too. I mean, you have to  
5 review the content of the letter to make sure that  
6 it's appropriate. Automatic in the sense of that  
7 it's the general -- general outline that's sent out.  
8 But the -- the contents of the letter isn't  
9 automatic. The information is specific to the loan.  
10 It's not a -- I -- I wouldn't be able to send a  
11 general automatic letter to each customer. It would  
12 be very specific to the -- to the Hagers, for  
13 example.

14 Q. Well, and I'm not talking about a letter in  
15 response to a QWR.

16 A. Right. I'm talking about general letters.

17 Q. Okay. So the -- we talked about the NC  
18 Final letter, how that's -- how that's a name of a  
19 letter that might go out, okay. There's different  
20 templates that are received -- that are sent out  
21 based upon certain circumstances in their loan  
22 payment history, correct?

23 A. And but specific to their loan. So the  
24 contexts of -- even if it's an NC Final, the idea  
25 might be the same for all the customers in North

1       Carolina, but the content of that letter is specific  
2       to the Hagers' loan. So a letter that's being sent  
3       out is -- the content is specific to the Hagers'  
4       loan.

5           Q.     In what way?

6           A.     So each subsequent letter -- in that the --  
7       the date that the letter is sent out. It might  
8       not -- all the letters in North Carolina are not all  
9       sent out on a specific date. The total amount due  
10      is not the same for all customers in North Carolina.  
11      It's specific to the Hagers' loan. Then the date  
12      that the -- the expiration date of when the amount  
13      is due is specific to the dates associated with the  
14      Hagers' loan. It -- it all coincides with their  
15      specific loan and the payments that they last made.

16           All those dates are automatic in that they  
17      are, for example, an NC Final demand is sent 45 days  
18      after the last payment is received. But the 45-day  
19      term could happen -- is -- is generated and sent out  
20      specific to the last time that the Hagers made a  
21      payment. So that's what I mean by automatic.

22           Q.     Okay. Yeah. So the -- the computer fills  
23      in the date based upon the date that the letter goes  
24      out, right?

25           A.     Say that again.

1           Q. Well, I think the examples you just gave are  
2 date, expiration date to make a payment, the amount.  
3 Those all differ based --

4           A. When it's -- when it's sent out, is that --

5           Q. Yeah.

6           A. Okay.

7           Q. Those all differ based upon the individual  
8 characteristics of the loan?

9           A. Correct.

10          Q. But the other text is a template?

11          A. That is derived from the Deed of Trust and  
12 the Note and the servicing guideline, yes.

13          Q. Oh, yeah. I mean, but it is a template?

14          A. It's reviewed -- it's reviewed by somebody  
15 before it's sent out.

16          Q. Every letter that goes out from Seterus is  
17 reviewed by somebody before it goes out?

18          A. I mean it's reviewed by that department that  
19 sends it out, but yeah.

20          Q. Okay. Every letter?

21          A. Again, I'm -- I'm making the representation  
22 that it is reviewed. I -- that the letters are  
23 reviewed. We have copies of each specific letter  
24 that we send out. I can review each specific  
25 document.

1           Q.     Right.   But it's generated based upon a  
2     particular status.   We talked about NC Final,  
3     45 days after the last payment is received an NC  
4     Final is going to go out, right?   Is that --

5           A.     45 days after, yes, correct.

6           Q.     And it will be individualized for the  
7     borrower in that the date that the letter actually  
8     goes out will be individualized, right?

9           A.     Correct.

10          Q.     And the expiration date of when they'll have  
11     to pay will be individualized?

12          A.     Correct.

13          Q.     And the amount will have to be  
14     individualized?

15          A.     Right.   And the cost --

16          Q.     And how it has to be paid?

17          A.     Correct.

18          Q.     And then their name will have to be  
19     individualized?

20          A.     Correct.

21          Q.     And their address?

22          A.     Uh-huh.

23          Q.     And that's it?

24          A.     And that's in the content of the letter  
25     that -- that is describing the total amount due.

1 Q. How is that individualized?

2 A. It's part of the letter.

3 Q. Okay. So the text in an NC Final differs  
4 from person to person?

5 A. I mean, I don't know that it differs.

6 Q. Okay.

7 MR. MAGINNIS: We've been going about  
8 an hour. Why don't we take a quick break.

9 MR. EDWARDS: Off at 11:21.

10 (Recess taken from 11:21 to 11:31.)

11 MR. EDWARDS: On at 11:31.

12 BY MR. MAGINNIS:

13 Q. Ms. Jacob, before the break, we were -- we  
14 were kind of talking about some items. And I did  
15 have some kind of catch-up questions before we move  
16 on to a new topic.

17 You talked about when you reviewed the  
18 number of loans nationally in 2015, it was about  
19 500,000 or upwards of 500,000 loans that Seterus  
20 services; is that accurate?

21 A. Yes, around there.

22 Q. Do you have any understanding of how many of  
23 those are in North Carolina?

24 A. I don't.

25 Q. Is Seterus in all 50 states?

1 A. We are.

2 Q. Is -- are there particular -- other than,  
3 you know, the bigger states have more loans, is  
4 there any state that's a focus or an area that's a  
5 focus for Seterus' business?

6 A. No. There's not one specific state, no.

7 Q. Okay. We were talking about the data points  
8 that are reviewed by Seterus for completeness, I  
9 think was your phrasing; is that fair?

10 A. Yes.

11 Q. When -- if a loan is deemed to be  
12 incomplete, is that -- what happens?

13 A. We will send the prior servicer our  
14 checklist of items that they need to fill in. So  
15 whatever items are incomplete, we'll tell them, hey,  
16 we can't start servicing this loan. Although it's  
17 on the radar, we can't start servicing it. We need  
18 these items rectified before we start can servicing  
19 it.

20 Q. Okay. And that's as to one loan as opposed  
21 to the -- you don't avoid servicing the entire pool  
22 while --

23 A. Correct.

24 Q. -- you get things completed on one loan?

25 A. Right. Correct.

1           Q.     Okay. So you would -- after you've done the  
2        audits of all of the loans in a particular pool,  
3        you'll start on the ones that are complete and  
4        you'll get additional information on the ones that  
5        are incomplete?

6           A.     You know, I -- I can't speak specifically if  
7        it affects the pool or not, actually, so I wouldn't  
8        know.

9           Q.     Okay. Well, we'll --

10          A.     It might halt the entire transfer. I don't  
11        know.

12          Q.     It might or it might not?

13          A.     Yeah.

14          Q.     Okay. But once the information is received  
15        to complete the information, then you guys go ahead  
16        and start servicing?

17          A.     Correct. Once we verify that there's  
18        nothing -- there's nothing -- there are no -- all  
19        the issues are rectified or that the loan in and of  
20        itself are fine, then we start servicing.

21          Q.     Okay. And -- and going back the data points  
22        that are reviewed, the primary, secondary, tertiary  
23        audits, I just wanted to clarify.

24                  The -- the servicer, Seterus, does not  
25        physically receive the Note and the Deed of Trust

1 before they take over servicing, correct?

2 A. We will receive -- when we start servicing,  
3 we do.

4 Q. Prior to starting the servicing, you don't  
5 physically receive the Note and the Deed of Trust?

6 A. Right. The prior servicer who was servicing  
7 it will have it.

8 Q. Okay. And the -- the data points are going  
9 to include name and identifying information and  
10 information about the loan history?

11 A. That's correct.

12 Q. And they'll say what state it's in  
13 presumably?

14 A. Correct. Uh-huh.

15 Q. Will they -- will it note what -- any  
16 identifying characteristics about the Note and Deed  
17 of Trust other than information relating to the --  
18 the loan history?

19 A. And the state specific. That's -- that's  
20 the extent of my knowledge.

21 Q. Because there's a uniform -- there's a  
22 uniform North Carolina Fannie Mae loan?

23 A. Correct.

24 Q. And so do you get information about whether  
25 or not those are all conforming uniform North

1           Carolina Fannie Mae loans as a data point?

2           A.     I don't know that I can speak to that.

3           Q.     Okay. Are there -- does Seterus perform  
4           routine audits or quality control on loans during  
5           the servicing process?

6           A.     We do.

7           Q.     Okay. Is that based upon a customer inquiry  
8           or are there loans for which the customer has said  
9           nothing which are audited in some way or fashion?

10          A.     In both circumstances.

11          Q.     Okay. Tell me about the process associated  
12         with audits and quality controls when there has been  
13         no customer inquiry.

14          A.     For example, if a loan qualifies for a -- or  
15         has certain outliers that qualify them for a  
16         modification, we can send out a streamline. It's  
17         what we call streamline modification where, although  
18         we -- you know, we'll send a streamline trial to a  
19         customer and say, hey, would you be interested in  
20         catching up the arrears to your loan to the back end  
21         of the loan, and this is what it looks like, and we  
22         would give them that. So those type of audits are  
23         done even if the customer is not contacting us.

24          Q.     And when you say -- to give that -- to use  
25         that example, is that something that an individual

1       is randomly pulling up individual loan information  
2       to see if they might qualify or is that  
3       automatically generated?

4           A.     An individual is looking at the loan to see  
5       if it qualifies for a streamline -- streamline mod.

6           Q.     What's the process for determining which  
7       loans they're going to look at?

8           A.     There are outliers that loss mitigation team  
9       identifies. There are -- you know, whether it's the  
10       date of default or the number of months delinquent,  
11       the total loan amount. If they've had any prior  
12       modifications; if they've had a HAMP mod, et cetera.

13          Q.     Okay. So in -- if certain criteria are met,  
14       a kind of list is generated for the loss mitigation  
15       team to review to see if they might want to send out  
16       something to them regarding modification?

17          A.     Correct.

18          Q.     Okay. Are -- are there any audits or  
19       quality controls done that are just, hey, we haven't  
20       looked at Joe Smith's loan in a while, let's look at  
21       Joe Smith's loan? Is there anything like that?

22          A.     I guess you would have to give me a more  
23       specific example.

24          Q.     Well, the example you gave is kind of  
25       criteria are generated by the MSP system and a list

1       is generated as to whether or not we want to, you  
2       know, approach them for a loan modification, right?

3           A.     On -- on -- and the example was that the  
4       customer hasn't been in contact with us.

5           Q.     Right. So in talking about audits and --  
6       and quality control, are -- are there any audits or  
7       quality controls to ensure that Seterus is following  
8       its procedures as opposed to generating things for a  
9       promotional offer?

10              MR. MINOR: Object to the form.

11           A.     We routinely conduct audits on our loans  
12       to -- for accuracy.

13           Q.     Okay.

14           A.     If there -- if there is -- to maintain and  
15       make sure that there is -- if there are errors that  
16       identified that they're rectified.

17           Q.     Tell me about that.

18           A.     I mean outside that we routinely conduct  
19       audits to make sure that, you know, we're in check  
20       and balances to have good accounts. That's really  
21       what an audit is. That's what we conduct.

22           Q.     Okay. So what is it that you audit?

23           A.     The loan file.

24           Q.     So you routinely will look at an  
25       individual's loan file to -- to look for what?

1           A. All aspects of servicing, whether, you know,  
2         the letters were sent out on time; whether payments  
3         were assessed accurately; whether, you know, contact  
4         made with -- contact made or contact not made with  
5         the customer was within the state guidelines.

6           Q. Okay. Is there an audit department who --  
7         who conducts those audits?

8           A. We do. We have one.

9           Q. Okay. Is that what it's called, the audit  
10         department?

11          A. No.

12          Q. What is it called?

13          A. I believe it's quality control.

14          Q. Okay. So the quality control department  
15         is -- is the -- the loan modification example that  
16         you gave earlier and talked about audits and quality  
17         control, would that be in the quality control  
18         department as well?

19          A. Outside of knowing what their general  
20         functions are, I mean it could stem from that. I  
21         wouldn't be able to say.

22          Q. Okay. What sorts of audits does the quality  
23         control department do?

24          A. The ones I just mentioned.

25          Q. Any others?

1           A. To my knowledge, there's the ones that I  
2         mentioned. I'm sure there are others that I don't  
3         know about.

4           Q. Do you know where the quality control  
5         department is based?

6           A. What do you mean?

7           Q. Are there people who work in the quality  
8         control department in one of Seterus' offices?

9           A. Yeah.

10          Q. What offices?

11          A. I'm sure in both.

12          Q. Okay. When you say "both," which ones are  
13         you referring to?

14          A. We have a Beaverton office and an RTP  
15         office.

16          Q. Okay. Are those the primary locations where  
17         individuals who are working for Seterus work?

18          A. Yes.

19          Q. Okay. So -- and there's a billing  
20         department in Los Angeles?

21          A. I don't know much about that at all.

22          Q. Okay. So you don't know what workers, if  
23         any, work out of the California or LA office?

24          A. We don't have a California or LA office.

25          Q. Okay. Does Seterus do their own work

1           regarding receiving bill payments or do they  
2           contract that out?

3           A.     We have lockbox locations where customers  
4           can send a payment and it is received and sent to  
5           Seterus for review.

6           Q.     Okay. Where are those?

7           A.     I don't know all of them.

8           Q.     Are there -- is there more than one?

9           A.     I believe so.

10          Q.     Okay. Do you know about how many there are?

11          A.     I don't.

12          Q.     Are there more than five?

13          A.     Again, I don't know --

14          Q.     Okay.

15          A.     -- how many there are.

16          Q.     But it's more than one?

17          A.     Yeah.

18          Q.     And then the quality control department,  
19           there might be people in Beaverton and there might  
20           be people in RTP?

21          A.     Correct.

22          Q.     And you work out of the RTP office?

23          A.     I do.

24          Q.     Do you know anyone in the quality control  
25           department at RTP?

1           A. I have access to them if I need to find  
2         them, but I don't know them personally.

3           Q. You don't know anyone's name?

4           A. No.

5           Q. You don't know who is in charge of the  
6         quality control department?

7           A. I don't.

8           Q. Okay. Let's talk about the Note and Deed of  
9         Trust.

10           Let's mark this as 3.

11           (PLAINTIFFS' EXHIBIT NUMBER 3 WAS MARKED.)

12           A. Thanks.

13           MR. MINOR: Thank you.

14           Q. Have you seen Exhibit 3 before?

15           A. This is a copy. I have seen it before.

16           Q. What is Exhibit 3?

17           A. This is a copy of the Note.

18           Q. Okay. I'm showing you Exhibit 4.

19           (PLAINTIFFS' EXHIBIT NUMBER 4 WAS MARKED.)

20           MR. MINOR: Thank you.

21           Q. Have you seen Exhibit 4 before?

22           A. Yes. This is a copy of the Deed of Trust.

23           Q. Okay. And did you review these in  
24         preparation for this deposition?

25           A. I did.

1           Q.    Okay.  And these are the operative -- these  
2        are copies of the documents, which we've been  
3        talking earlier about as the Note and the Deed of  
4        Trust that the Hagers have from their loan?

5           A.    That's correct.

6           Q.    Okay.  And these documents were -- were  
7        generated in 2006?

8           A.    Correct.

9           Q.    And to your knowledge, there's not been any  
10       amendments or modifications since 2006 that would  
11       change the rights and obligations of the parties to  
12       these contracts?

13          A.    That's correct.

14          Q.    Okay.  The Hagers have to follow this  
15       contract?

16          A.    They do.

17          Q.    You all as the mortgage servicer have to  
18       follow this contract?

19          A.    That's correct.

20          Q.    Okay.  As well as the Fannie Mae servicing  
21       guidelines?

22          A.    Correct.

23          Q.    What happens if the servicing guidelines in  
24       these contracts conflict?  What does Seterus do?

25          A.    I don't know of a circumstance where it has.

1           Do you have an example?

2           Q.     Are you aware of any circumstances where  
3       they might conflict?

4           A.     I'm not aware.

5           Q.     Okay. And if you look at the bottom of  
6       Exhibit 4, and that's the Deed of Trust, do you --  
7       it's on all of the pages, but let's just look at  
8       page 1. Do you see at the bottom of the page where  
9       it says "North Carolina - Single Family - Fannie  
10      Mae/Freddie Mac UNIFORM INSTRUMENT"?

11          A.     I do.

12          Q.     Is that what we were talking about earlier  
13      where each state has a uniform document for  
14      compliance with Fannie or Freddie?

15          A.     That's correct.

16          Q.     So this -- this title indicates to you that  
17      this is one of these documents that everything in  
18      North Carolina is going to be identical?

19          A.     That's correct.

20          Q.     Okay. And the only things that would not be  
21      identical are the -- the names, the address, the  
22      rate, the loan amount, and things like that?

23          A.     The term, correct.

24          Q.     The -- I'll call them covenants, but the  
25      legalese is going to be same in all of them?

1 A. Correct.

2 Q. Okay. Okay. Let's put these to the side.

3 We'll probably have to come back to them.

4 Let me show you a document. We'll mark this  
5 big boy as 5.

6 (PLAINTIFFS' EXHIBIT NUMBER 5 WAS MARKED.)

7 MR. MINOR: Thank you.

8 Q. Have you seen Exhibit 5 before?

9 A. Yeah.

10 Q. What's Exhibit 5?

11 A. This is a partial payment history.

12 Q. When you say "partial payment history," why  
13 do you say that?

14 A. It goes through October 7, 2015.

15 Q. Okay. Okay. So it's a partial payment  
16 history in that it doesn't cover October 8, 2015, to  
17 today?

18 A. That's correct.

19 Q. But it would be a payment history for those  
20 dates that are on the first page?

21 A. Correct. And I didn't see the Seterus  
22 initial -- when we started servicing the history  
23 that's associated with it.

24 Q. Okay. Yeah. And if you could, turn to the  
25 last page of Exhibit 5.

1 A. This is page 122 of 142.

2 Q. Yeah. And I'll represent to you that we did  
3 not receive page 123 going forward. Any idea why?  
4 Any idea what might be in there?

5 A. Seterus started servicing the loan  
6 October 1, 2012.

7 Q. Okay. So it might be because the loan  
8 activity is 1/1/10. Pages 123 through 142 might  
9 include the servicing history from before Seterus  
10 took over?

11 A. That's correct.

12 Q. Okay. That would be what is in there?

13 A. Correct.

14 Q. There's nothing else in there?

15 A. I don't know.

16 Q. Okay. As far as you know?

17 A. I mean, I haven't taken -- taken a look at  
18 it, so I wouldn't even know.

19 Q. But as you -- as you pointed out, page 122  
20 includes -- in chronological order, it starts from  
21 the date that Seterus is supplying servicing rights  
22 to the loan?

23 A. Correct. It says "Loan Acquisition Date."

24 Q. And so it's your understanding that the  
25 subsequent pages are just the previous loan history

1           that goes back through January 1, 2010?

2           A.     Again, I -- I don't -- I don't even know  
3           what it could hold.

4           Q.     Okay. You don't know one way or the other?

5           A.     Right. I wouldn't know.

6           Q.     Okay. Is this a document that's generated  
7           in the ordinary course of business for an individual  
8           borrower?

9           A.     It is.

10          Q.     Okay. Is this generated within the context  
11           of litigation or -- or is this just something that's  
12           accessible for any borrower?

13          A.     I believe this was generated in this format  
14           specific to litigation.

15          Q.     Okay. Is this -- is this an MSP printout?

16          A.     It is.

17          Q.     This comes from MSP?

18          A.     This does.

19          Q.     So you can print out loan activity in MSP  
20           and it will give you something that looks like this?

21          A.     That's correct.

22          Q.     Okay. And this contains -- it appears to  
23           me, feel free to review it, but it appears to me to  
24           contain a list of communications made by Seterus to  
25           the Hagers over the course of the history of their

1 servicing the loan?

2 A. That's correct.

3 Q. Okay. It does not contain -- it's not a  
4 payment history, right?

5 A. I believe it's all activity.

6 Q. Okay. And -- and some of these have kind of  
7 nomenclature associated with them and I want to ask  
8 you about what some of those terms are. But if you  
9 could leaf through initially and point me to a  
10 record that would indicate that a payment has been  
11 made and received.

12 A. On page 120 of 142.

13 Q. Okay.

14 A. The fourth item from the bottom. So  
15 12/21/2012 it says "Western Union Speedpay."

16 Q. Okay.

17 A. And so in association with the speedpay that  
18 was taken out, that note was put into this history.

19 Q. Okay. So it -- it contains -- and so if  
20 something says "TP316 - Western Union Speedpay,"  
21 that's going to be indicative of a payment through  
22 Western Union?

23 A. Correct.

24 Q. Does this contain all payments or just some  
25 types of payments?

1           A. A loan transaction history would outline the  
2 specific loan payments and the amounts and the  
3 transactions associated with it. So this is part of  
4 that entire history.

5 Q. Okay. Is it fair to say that what this  
6 is -- but that it does contain -- is that it  
7 contains all outward communications by Seterus to  
8 the borrower?

9 A. It does contain that.

10 Q. Okay. There wouldn't be any communications  
11 that are not in here?

12 A. There should not be.

13 Q. Okay. I'll mark this as 6.

14 (PLAINTIFFS' EXHIBIT NUMBER 6 WAS MARKED.)

15 Q. Have you seen Exhibit 6 before?

16 A. I haven't.

17           Q.     Okay. I'll represent to you that Exhibit 6  
18        was produced to us in discovery and it is from your  
19        counsel and it's intended to be kind of a translator  
20        for what these codes that are listed in the Loan  
21        Activity refer to.

22 A. Okay.

23 Q. Does that appear -- does that appear to be  
24 accurate?

25 A. Again, it's not a Seterus document. If it's

1           provided to you by my attorney, then I that's what  
2           that is.

3           Q.     Well, why don't you look at it and see if  
4           any of the codes associated with it do not appear to  
5           be correct.

6           A.     They -- they seem to be correct. But I --  
7           I -- yeah. I'm just going to say that.

8           Q.     Okay. Is there any one of these particular  
9           bullet points that raises some questions that that  
10          might not be what this code refers to?

11          A.     No.

12          Q.     Okay. And this might be a little  
13          attenuated, but this is the best way I could figure  
14          out to decode this thing.

15          A.     Okay.

16          Q.     I'm going to show you some examples of  
17          documents that we've received in discovery and then  
18          we're going to find them in this ledger.

19          A.     Okay.

20          Q.     And I want to confirm with you that this  
21          letter matches the code.

22          A.     Okay.

23          Q.     Does that make sense?

24          A.     All right.

25          Q.     And it's a little cumbersome and I'm sorry

1 for that.

2 All right. So let's mark this as 7.

3 (PLAINTIFFS' EXHIBIT NUMBER 7 WAS MARKED.)

4 Q. Have you seen Exhibit 7 before?

5 A. I have.

6 Q. What is Exhibit 7?

7 A. It is a notice to the customers advising  
8 them of the payment that was due on December 1,  
9 2013, and the late charge assessed due to not  
10 receiving the payment.

11 Q. Okay. And if you want to keep the big loan  
12 activity kind of off to the side.

13 A. Okay.

14 Q. Do you see the Bates numbers at the bottom  
15 right-hand corner of that document?

16 A. Of this one, right?

17 Q. Of the big document.

18 A. Yep.

19 Q. Okay. If you could turn to Bates Number  
20 3136. Let me know when you're there.

21 A. All right.

22 Q. Okay. And it appears to me that the loan  
23 activity big document the dates are -- are generally  
24 a day or two off from the dates on the  
25 correspondence. Any idea why that might be?

1 A. MSP is not in realtime.

2 Q. Okay. So if you look at the one from  
3 December 19, 2013, DQ111, do you see that?

4 A. I do.

5 Q. And it calls it a "Late Notice."

6 A. Uh-huh.

7 Q. Is that referring to this document that's  
8 been marked as Exhibit 7?

9 A. Again, because MSP is not in realtime, I  
10 could verify it with the department, but to the best  
11 of my knowledge, as I read it, it seems to me as it  
12 does, but I couldn't confirm.

13 Q. Okay. And you've seen the form before  
14 that's Exhibit 7?

15 A. I have, yeah.

16 Q. Okay. Is it your understanding that that is  
17 coded in the Loan Activity as a late notice?

18 A. It is.

19 Q. Okay. And so any form in this Loan Activity  
20 that refers to a late notice would be something like  
21 this form?

22 A. It should be similar.

23 Q. Except the date would be different?

24 A. The date, the amount, the late fee, and then  
25 the remediation options.

1           Q. When you say "remediation options," what are  
2         you referring to?

3           A. Well, this one references to lower your  
4         interest rate and reduce your payment.

5           Q. Okay. So this -- that might differ?

6           A. It could.

7           Q. Okay. So a late notice would differ based  
8         upon the date, the name?

9           A. Just the loan file. It just depends case by  
10         case.

11          Q. Well, I'm just asking what would be  
12         different in -- in a late notice?

13          A. For a customer, say for example, who has had  
14         a HAMP modification and has had, you know, two or  
15         three other modifications, a lower interest rate  
16         might not be something that they could qualify for.  
17         They might have already had a couple of  
18         modifications. They might already be at a lower --  
19         the lowest payment, for example. Just an example to  
20         this letter, so...

21          Q. Well, and I understand that a different  
22         customer might not be eligible or might receive a  
23         different letter, but this is -- this is what's  
24         referred to in the Loan Activity as a late notice --

25          A. Correct.

1 Q. -- correct? Okay.

2 And this form is a late notice?

3 A. That's correct.

4 Q. And any -- any time a late notice was  
5 mailed, it would look like this?

6 A. It would be similar to this.

7 Q. Okay. And it would be different -- based  
8 upon your testimony is that it would be different  
9 for the Hagers, it would be different based on the  
10 amount due --

11 A. Uh-huh.

12 Q. -- and when it was due? Is that a yes?

13 A. Yes. Yes.

14 Q. You've done very well with that actually.

15 A. Yes.

16 Q. The late charge, the amount of the late  
17 charge?

18 A. Yes.

19 Q. Okay. And it's your testimony that these  
20 two bullet points can vary?

21 A. The remediation. Or what's offered in the  
22 letter, the contents of the letter can vary.

23 Q. What? What specifically in the letter  
24 varies? Is it the two bullet points or is it  
25 something else?

1           A. Again, I -- I couldn't speak to all the  
2         letters. It just -- like I said, it varies case by  
3         case.

4           In this specific, a late notice, Seterus is  
5         advising the Hagers if it's a financial hardship due  
6         to the reason that they're unable to pay, we can  
7         offer programs that may be able to reduce their  
8         payment or lower their interest rate.

9           Q. Okay. Looking back at this DQ111 --

10          A. Correct.

11          Q. -- that is a -- a name of a -- of a form  
12         letter, correct?

13          A. Correct.

14          Q. DQ111 Late Notice is the name of a form  
15         letter?

16          A. Okay. Yeah.

17          Q. That is sent in certain situations --

18          A. Yes.

19          Q. -- is that correct?

20          A. That's correct.

21          Q. Okay. And it's your testimony that the  
22         remediation options can change in the DQ111 Late  
23         Notice or is it your testimony that you might get a  
24         different sort of letter based upon your situation?

25          A. That this is a late notice that is sent out

1           that identifies that specific month, but specific to  
2           the Hagers' loan, so specific to their situation.

3           Q.     Okay. And so I'm asking you what about  
4           DQ111 Late Notice changes based upon a situation? I  
5           think plainly the date is going to change, right?

6           A.     Are you comparing this to another loan?

7           Q.     I'm comparing it to other DQ111 Late  
8           Notices. How are they going to differ?

9           A.     That the Hagers have received?

10          Q.     Yeah. Sure.

11          A.     Yeah. So the date would be different. And  
12          then the content of the letter would be in reference  
13          to the Hagers' loan.

14           So they haven't had a prior mod, so we could  
15          offer them a loan modification, for example, that  
16          could reduce their payment or lower their interest  
17          rate.

18          Q.     Okay. So let me -- let me understand your  
19          testimony, okay. The Loan Activity indicates that a  
20          DQ111 Late Notice was sent on or about December 19,  
21          2013?

22          A.     It was inputted into the system that day,  
23          yeah.

24          Q.     Okay. And -- and to a reasonable degree of  
25          confidence, we believe that this document that's

1           Exhibit 7 is the representation of that notice?

2           A.     That's correct.

3           Q.     Okay. And we've -- we've talked about the  
4           fact that these things are individualized in things  
5           like amount, name, date, deadline?

6           A.     Correct.

7           Q.     Okay. And now I want to be very, very clear  
8           about what your testimony is.

9           A.     Okay.

10          Q.     Is your testimony that the DQ111 Late Notice  
11         varies on the remediation options, meaning the  
12         bullet points in Exhibit 7 can vary, but it still is  
13         a DQ111 Late Notice, or is it your testimony that if  
14         you have different options available to you, you'll  
15         get a different form?

16          A.     In my understanding, those two items are the  
17         same, so I'm not -- to the way that you're  
18         representing it to me, it seems the same.

19          Q.     Okay. The DQ111 Late Notice is a template  
20         form that can be -- that is modified based upon the  
21         recipient, correct?

22          A.     This is a late notice that we sent out to  
23         this customer.

24          Q.     Okay. And there are other late notices in  
25         here, I'll represent to you.

1 A. There are.

2 Q. And there are other DQ111 Late Notices,  
3 correct?

4 A. There are.

5 Q. Okay. And there are other customers who get  
6 DQ111 Late Notices?

7 A. That's correct.

8 Q. Okay. How does a DQ111 Late Notice differ  
9 between the Hagers and another customer, who also --  
10 another North Carolina customer who also receives a  
11 DQ111 Late Notice? What is different?

12 A. Specific to their loan, the options that  
13 they qualify for can be different.

14 Q. What aspects of this letter specifically are  
15 different?

16 A. The products that they qualify for.

17 Q. Okay. So how is that represented in the  
18 letter?

19 A. In this letter, it's stated as a reduction  
20 in payment or a lower interest rate.

21 Q. Okay. So the bullet points?

22 A. That's how it's written here.

23 Q. Well, is that what's different?

24 A. It could be. I mean it just depends. Those  
25 are the options that are represented here in this

1 letter.

2 Q. Well, let's -- and I promise I'm not trying  
3 to be difficult. I just want to make sure that  
4 we're on the same page about what is different from  
5 letter to letter.

6 Let's start at the top of Exhibit 7. And  
7 I'm not trying to be rude.

8 The logo that says "Seterus," that's going  
9 to be the same every time, right?

10 A. It is a -- yes. It's...

11 Q. In the DQ111 notice, there's going to be a  
12 Seterus logo that's that size and that color and  
13 that shape every time?

14 A. I mean, again, I'm -- I'm here to speak on  
15 this specific loan and this specific letter. So in  
16 this letter, that's the logo, that's the print. If  
17 we tomorrow decided to change it, it might be  
18 different.

19 But this letter that was sent December 17,  
20 2013, this is a late notice. This is the amount  
21 that was due. This is the late charge that we have  
22 advised them that they have assessed. This is to  
23 who it is, to what address. We advised them of  
24 their grace period and we've advised them of what  
25 their options are and the way to contact us.

1           Q.     Let me ask the question again. In any DQ111  
2         Late Notice form is the logo going to be the same?

3           A.     Unless we change it, no.

4           Q.     Okay. Is the address going to be the same?

5           A.     Yes. The customer's address will be  
6         different.

7           Q.     Sorry. I was just working down in  
8         Exhibit 7. Is Seterus' address going to change,  
9         unless they move?

10          A.     Unless we move, no.

11          Q.     Okay. The date will change?

12          A.     Uh-huh. Yes.

13          Q.     The "Call now. We're here to help you find  
14         a solution," will that change?

15          A.     It shouldn't change.

16          Q.     Will the phone number change?

17          A.     No.

18          Q.     There's a redacted portion of the loan  
19         number, that will change, right?

20          A.     It will.

21          Q.     "Serviced by Seterus, Inc.," that won't  
22         change?

23          A.     It should not.

24          Q.     The name and address will change?

25          A.     Yes.

1           Q. "Dear" will be the same, but the name will  
2       be different?

3           A. The name will be different.

4           Q. Okay. The first sentence, "Our goal is to  
5       help you by offering real solutions," that's going  
6       to be the same?

7           A. Yes.

8           Q. "We see that you are behind on your mortgage  
9       payment," that's going to be the same.

10          A. Again, essentially everything will be the  
11       same except, like I said, the -- the total payment  
12       amount, the late charge, and their options.

13          Q. Okay. And when you say the options, you're  
14       talking about the two bullet points?

15          A. Correct.

16          Q. Everything else is the same?

17          A. Could be the same.

18          Q. Is the same?

19          A. I'm not -- I don't have every letter in  
20       front of me. I couldn't speak to every letter.

21          Q. Well, how --

22          A. That's why I'm saying it could be the same.  
23       I haven't reviewed every Seterus loan letter.

24                  This specific letter, this is the -- this is  
25       what it says. And it gives them our current -- the

1 information that was current at the time that we  
2 sent out the letter.

3 Q. Okay. But -- and I know you haven't  
4 reviewed every loan letter, but I -- the form, the  
5 DQ111 form, what is modifiable, depending on the  
6 customer, is their contact information, the amount  
7 due, the late fee, and the two bullet points?

8 A. And the options that we assess to them, yes.

9 Q. And when you say "options," you mean the two  
10 bullet points?

11 A. In this scenario, yes.

12 Q. And everything else in this letter is the  
13 same on every DQ111?

14 A. I haven't reviewed every DQ111 letter. I  
15 can tell you in this scenario, this letter is  
16 standard.

17 Q. Do you think that you would have to review  
18 every DQ111 letter to know if they're the same?

19 A. If that's my testimony. If you're asking me  
20 if that's my testimony that all the letters are the  
21 same, then I would have to review it.

22 Q. Well, but the template is going to be the  
23 same, right?

24 A. Yes.

25 Q. I mean someone didn't sit down at the

1 computer and draft this, it's automated -- it's  
2 automated except for the specifics of the particular  
3 loan, right?

4 A. Yes. The information contained in the loan  
5 that we represented will essentially be the same.

6 Q. Okay. But what would vary, not to beat a  
7 dead horse, is the date, the name, the amounts owed,  
8 the late fee amount, and the remediation options?

9 A. Correct.

10 Q. Okay. And every other reference in  
11 Exhibit 5 to a DQ111 Late Notice is going to look  
12 the same as that except for the differences that we  
13 just talked about?

14 A. It should.

15 Q. All right. I promise I'm not trying to be  
16 difficult.

17 Okay. All right. So this is Exhibit 8.

18 (PLAINTIFFS' EXHIBIT NUMBER 8 WAS MARKED.)

19 Q. Do you recognize Exhibit 8?

20 A. I do.

21 Q. Okay. What is Exhibit 8?

22 A. It is the Hagers' account statement --

23 Q. Okay.

24 A. -- for October 16, 2012.

25 Q. And if you turn to, in the big document,

1 Bates page 3157. Are you there?

2 A. I am.

3 Q. Okay. If you look at the third item from  
4 the bottom, the "OP718 - Account Statement" --

5 A. Yes.

6 Q. Okay -- is that reference, 10/16/12 OOP718  
7 Account Statement, the memorialization of the  
8 sending of this statement?

9 A. It should be.

10 Q. Okay. Kind of similar questions to what we  
11 just talked about.

12 If in this ledger it says "OP718 - Account  
13 Statement," it's going to be something -- the form  
14 is going to be very, very similar to Exhibit 8?

15 A. It should be, yes.

16 Q. Okay. What will differ?

17 A. The customer's contact information; the  
18 address; their names; when -- the date when the  
19 statement was generated; the loan number; their  
20 interest rate; their payment breakdown; the  
21 year-to-date interest paid; year-to-date late  
22 charges; year-to-date taxes; year-to-date principal;  
23 their escrow arrears; their interest arrears; escrow  
24 balance; principal balance; prepayment fee; next  
25 rate change date. And then their activity since

1           their last statement would change as well.

2           Q.     Let me stop you on the -- the prepayment fee  
3           and the next rate change date would vary based upon  
4           the individual customer?

5           A.     And it says -- there's a note in there that  
6           says Seterus does not currently charge a prepayment  
7           fee.

8           Q.     Okay. So would that probably be the same?

9           A.     At that time, it would have been the same  
10           for those letters going out.

11          Q.     Okay. And these documents, it looks like  
12           the contact information and the numbers and the  
13           dates are going to be different.

14          A.     For -- for Seterus or for the Hagers?

15          Q.     For anyone, in OP718 the numbers are going  
16           to be different for everybody and the address is  
17           going to be different for everybody?

18          A.     Yeah.

19          Q.     Okay. And MSP generates those numbers?

20          A.     The -- the transaction history would  
21           generate those numbers.

22          Q.     Okay. And the account statement goes out  
23           every month?

24          A.     Yes.

25          Q.     Automatically?

1 A. Yes.

2 Q. Okay. And MSP will populate those fields  
3 that you talked about that are going to differ from  
4 customer to customer and date to date?

5 A. The transaction history will, yeah.

6 Q. Okay. The transaction history will populate  
7 that, correct?

8 A. Correct.

9 Q. And everything else will be the same?

10 A. Yeah.

11 Q. Okay. And every OP718 Account Statement in  
12 this Loan Activity file will -- other than the  
13 differences populated by the transaction history,  
14 will look the same as this?

15 A. It should be the same.

16 Q. Okay. All right. Mark this one as 9.

17 (PLAINTIFFS' EXHIBIT NUMBER 9 WAS MARKED.)

18 Q. Okay. Have you seen Exhibit 9 before?

19 A. Yes, I have.

20 Q. What is Exhibit 9?

21 A. It is a correspondence to the Hagers  
22 advising them of the payment that was placed in  
23 suspense because the funds were insufficient to  
24 satisfy a full contractual payment due.

25 Q. Okay. If you could turn in the big document

1 to Bates 3086.

2 A. Okay.

3 Q. Are you there?

4 A. Uh-huh.

5 Q. Okay. Similar questions. If you look two  
6 entries down at 2/18/15 TP353 Notice of Noncredit.

7 A. Yes. I see it.

8 Q. Is that the memorialization of the sending  
9 of this form?

10 A. It should be, yes.

11 Q. This is a TP353 Notice of Noncredit letter?

12 A. That's correct.

13 Q. And so every reference in this Loan Activity  
14 to a TP353 Notice of Noncredit letter is going to  
15 have a document the format looking similar to this?

16 A. That's correct.

17 Q. Okay. And what would differ would be what?

18 A. The customer's name, address, date, loan  
19 number, and -- would differ.

20 Q. Everything else would be the same?

21 A. Essentially.

22 Q. Okay. Let's do Exhibit 10.

23 (PLAINTIFFS' EXHIBIT NUMBER 10 WAS MARKED.)

24 A. Thanks.

25 Q. You're welcome.

1                   Okay. Have you seen Exhibit 10 before?

2                   A. I have.

3                   Q. What is Exhibit 10?

4                   A. It is a correspondence that we sent out to  
5                   the Hagers on March 24, 2013, advising them about  
6                   the funds that we have placed -- that we have held  
7                   until we are able to receive the remaining funds to  
8                   satisfy their March payment.

9                   Q. Okay. And if you could turn in the big  
10                  document to 3150 Bates. Are you there?

11                  A. Yes.

12                  Q. That was quick.

13                  Okay. If you look two entries from the  
14                  bottom, March 25, 2013, DQ759 Partial Payment  
15                  letter.

16                  A. Yes.

17                  Q. Is that the memorialization for the sending  
18                  of Exhibit 10?

19                  A. Yes.

20                  Q. And so any reference to a partial payment  
21                  letter DQ759 in this Loan Activity file will refer  
22                  to the sending of a letter similar to this?

23                  A. Yes.

24                  Q. To Exhibit 10?

25                  A. Yes.

1           Q.     And -- except there will some discrepancies  
2        based upon the individual circumstances?

3 A. That's correct.

4 Q. What would be those in this letter?

5           A. The amount of funds being held; the date  
6           that it satisfies the loan payment; the customer's  
7           name; obviously their address; the date of the  
8           letter; the loan number; and also the charges that  
9           are subject applicable to the state law. Those are  
10          outlined.

11 Q. So the charges down in the last three  
12 columns, they're going to vary based upon North  
13 Carolina -- if there is a law about that in North  
14 Carolina?

15 A. That's correct.

Q. And everything else will stay the same?

17 A. It should stay the same.

18 O. Okay. This is 11.

19 (PLAINTIFFS' EXHIBIT NUMBER 11 WAS MARKED.)

20 Q. Have you seen Exhibit 11 before?

21 A. I have.

22 Q. What's Exhibit 11?

23 A. It is the North Carolina Final Demand.

24 Q. We've been referencing an NC final  
25 previously. Is that what this is?

1 A. It is.

2 Q. Okay. And if you turn to 3157 in the big  
3 document, which is the last page.

4 A. All right.

5 Q. And right in the middle of it, there's a  
6 reference to 10/18/12 DM724 North Carolina Final.

7 A. Yes.

8 Q. Okay. And is that the memorialization of  
9 the sending of Exhibit 11?

10 A. It is.

11 Q. And anywhere in this big Loan Activity file  
12 that references DM724 or North Carolina Final, it  
13 will be a document that looks like this?

14 A. Similar to this.

15 Q. And it will differ based upon certain  
16 characteristics of the status of the loan?

17 A. Correct.

18 Q. And what would those be in this letter?

19 A. The date that the letter generated; the  
20 address; the specific name of the customer can vary,  
21 even on the same loan; the loan number; the total  
22 amount due; the date for -- expiration date; and  
23 then how many days. So the end of the second  
24 paragraph which:

25 "Any such action will not take place before

1           45 days from the date of this notice."

2           Q.     And everything else would be the same?

3           A.     Should be the same.

4           Q.     And you get --

5           A.     And also --

6           Q.     Okay. Keep going.

7           A.     Sorry.

8           Q.     Sorry.

9           A.     The second page will have -- excuse me, the  
10          third page for this document will be different. The  
11          breakdown of the total amount due will be different.

12          Where they contact their HUD agency will be  
13          different. And then their -- which is on page 4.

14          And then obviously the North Carolina office,  
15          Commissioner of Banks information can be specific to  
16          a loan -- to a state.

17          Q.     Well, this is the -- okay. So, yeah, a  
18          couple things.

19                 The address of the banking commission would  
20          vary from state to state, but in North Carolina it  
21          would be the same?

22          A.     It should be the same.

23          Q.     Okay. The -- the 45 days from date of  
24          notice might vary from state to state they've  
25          mentioned in this page 1?

1 A. Correct.

2 Q. It would -- but it might vary from state to  
3 state, correct?

4 A. Correct.

5 Q. But in North Carolina it would be the same?

6 A. It should be the same.

7 Q. And everything else that -- other than what  
8 you mentioned would be the same in North Carolina?

9 A. Correct. It should be the same.

10 Q. And everywhere else?

11 A. It should be the same.

12 Q. Okay. And everywhere else it would be the  
13 same?

14 A. Everywhere else in the United States?

15 Q. Yeah. Other than what you've lined up as  
16 being specific to a state by state.

17 A. I mean, it should be the same. I haven't  
18 reviewed all the other letters, but...

19 Q. Okay. And, yeah, you mentioned that --  
20 because it's only Mrs. Hager who gets this letter.  
21 Is it fair to say that Seterus' policy is that if  
22 there are two borrowers on a loan, they would both  
23 get an NC Final letter?

24 A. Each individual should get a letter, yes.

25 Q. Okay. And you would agree that Mr. Hager's

1           DM724 letter that was sent on this date, other than  
2           his name, is going to be identical?

3           A.     I haven't seen it --

4           Q.     Okay.

5           A.     -- but yes, it should be.

6           Q.     Okay. That's fine. Just a few more. I  
7           promise.

8                 This is 12.

9                 (PLAINTIFFS' EXHIBIT NUMBER 12 WAS MARKED.)

10          Q.     Okay. Do you recognize Exhibit 12?

11          A.     I do.

12          Q.     What's Exhibit 12?

13          A.     It is a correspondence to the Hagers  
14           advising them that the late charge is credited back  
15           to their account.

16          Q.     Okay. And if you look at Bates 3149 --  
17           okay. Are you there?

18          A.     I am.

19          Q.     I couldn't find it for a second. It's about  
20           two-thirds of the way down, April 22, 2013, TP313  
21           Fees and Cost Notice.

22          A.     I see it.

23          Q.     Is this entry, TP313 Fees and Cost Notice,  
24           the memorialization of the sending of Exhibit 12?

25          A.     It is.

1 Q. And all TP313 Fees and Costs Notices are  
2 going to look similar to this with some changes?

3 A. It should be similar.

4 Q. What would the changes be?

5 A. The date that the notice was sent; the  
6 address to where it was sent; the name of the  
7 customers; the loan number; the amounts that are  
8 being credited; why -- what the description is; and  
9 the dates that they've been credited or the date of  
10 the charge.

11 Q. Yeah. Are the -- in a Fees and Cost Notice,  
12 it could be credits and it could be debits?

13 A. It could be.

14 Q. Let me show you 13 just because I was  
15 confused.

16 (PLAINTIFFS' EXHIBIT NUMBER 13 WAS MARKED.)

17 Q. Have you seen Exhibit 13 before?

18 A. I have.

19 Q. What's Exhibit 13?

20 A. It's a correspondence sent to the customers  
21 on September 15, 2013, for a \$15 property inspection  
22 which was run on August 22, 2013.

23 Q. And if you turn to 3129 in the big document.

24 A. I'm there.

25 Q. And is the entry 9/16 TP313 Fees and Cost

1 Notice, is that the memorialization of Exhibit 13?

2 A. Yes.

3 Q. Okay. And although the formatting is  
4 similar, it looks like there are some discrepancies  
5 between Exhibit 12 and Exhibit 13.

6 A. Correct.

7 Q. Any way that you're aware that we would be  
8 able to distinguish between Exhibit 12 and  
9 Exhibit 13 as evidenced by the Loan Activity file?

10 A. The description of a late charge; the,  
11 again, remediation on -- on the property inspection  
12 charge as opposed to when a credit is being made to  
13 the account. And then just asserting different  
14 circumstances that might affect the Hagers on the  
15 property inspection late charges as opposed to --  
16 property inspection, not late charge, property  
17 inspection notice as opposed to the late charge  
18 notice.

19 Q. Well, would you agree that there's nothing  
20 in Exhibit 5 that would allow us to distinguish  
21 between what's a -- what's a credit, what's a debit,  
22 and what the circumstances are for it?

23 A. With Exhibit 5 just being the --

24 Q. The big document.

25 A. -- activity, yeah. No. But a transaction

1           history might break that down.

2           Q.     Okay. So if -- if we were -- if we wanted  
3           to obtain the physical copy of any Fees and Cost  
4           Notice, that would be how we would -- we could do  
5           that? That's -- that is something that could be  
6           printed?

7           A.     Say that again.

8           Q.     If -- any Fees and Cost Notice is going to  
9           be a TP313 Fees and Cost Notice as identified in  
10           this big document, Exhibit 5?

11          A.     Okay.

12          Q.     Okay. Is that correct?

13          A.     I believe so.

14          Q.     Okay.

15          A.     Can you rephrase that?

16          Q.     Yeah. I just -- Exhibit 12 and Exhibit 13  
17          are both coded as TP313 Fees and Cost Notices. And  
18          although the formatting appears to be very similar,  
19          I mean one of them talks about debits and one of  
20          them talks about credits.

21          A.     Correct.

22          Q.     Is there a way for us to determine in  
23          Exhibit 5 which is which just by looking at  
24          Exhibit 5?

25          A.     No.

1           Q.     Okay. If we -- is there a way in MSP to  
2       print out all of the letters that were sent TP313  
3       Fees and Cost Notices so that we could then  
4       determine which is a debit and which is a credit?

5           A.     We can pull the letters and there should be  
6       a transaction history.

7           Q.     So those are memorialized somewhere which  
8       version of the letter it is?

9           A.     Correct.

10          Q.     Okay. And then this is 14.

11                 (PLAINTIFFS' EXHIBIT NUMBER 14 WAS MARKED.)

12          Q.     Have you seen Exhibit 14 before?

13          A.     I have.

14          Q.     What's Exhibit 14?

15          A.     It's a notice advising the customer that  
16       Seterus has not received the November 21, 2012,  
17       payment. The 15-day grace period has expired. We  
18       assessed a charge and just kind of advising them how  
19       it might affect their credit.

20          Q.     Okay. If you could turn in the big document  
21       to 3156, which is near the end, second to the last  
22       page.

23          A.     Okay.

24          Q.     And if you look at the entry two lines down,  
25       11/28/2012, DQ114 Default Notice.

1 A. Yes.

2 Q. Is that the memorialization of the sending  
3 of Exhibit 14?

4 A. Yes.

5 Q. And all DQ111 Default Notices are  
6 substantially identical to Exhibit 14 with some  
7 exceptions?

8 A. Yes, should be.

9 Q. And what are the -- what are those  
10 exceptions?

11 A. The date that the notice is sent; where it  
12 was sent to; the amounts that are due; when they are  
13 due; the late charge that was assessed; how many  
14 days in the grace period there are.

15 Q. When you say the "days in the grace period,"  
16 are you referencing the sentence that says "Since  
17 your 15-day grace period has expired"?

18 A. Yes.

19 Q. Is that going to be dependent state to  
20 state?

21 A. I think it also is dependent on your Deed of  
22 Trust.

23 Q. Okay. So some deeds of trust would have  
24 less than 15 days or some would have more?

25 A. It could, right.

1           Q.    Okay.  And everything else would remain the  
2        same?

3           A.    It should.

4           Q.    Let's talk about suspense accounts.  What is  
5        a suspense account?

6           A.    A suspense account is when a partial payment  
7        is received to Seterus and is held on behalf of the  
8        customer.

9           Q.    Okay.  When would a suspense account be  
10       utilized?

11          A.    When the customer is making a partial  
12       payment.

13          Q.    Okay.

14          A.    And a full loan installment cannot be  
15       applied to the loan.

16          Q.    And that would -- so funds are placed in a  
17       suspense account when the payment made is not enough  
18       to cover the total amount due and owing?

19          A.    That's correct.

20          Q.    Okay.  And then they're held there, those  
21       amounts are held in the suspense account until the  
22       suspense account gets high enough to cover a single  
23       month's payment?

24          A.    That's correct.

25          Q.    Is that right?

1 A. Yes.

2 Q. Okay. And that's what -- that's what

3 Seterus does when they receive a partial payment?

4 A. Puts it in a suspense account.

5 Q. Right. Is that -- that's what Seterus does?

6 A. That's what Seterus does.

7 Q. And every time the Hagers submitted a

8 partial payment, that's what they did?

9 A. That's correct.

10 Q. Every time someone in North Carolina submits

11 a partial payment, that's what Seterus does?

12 A. As long as they are in a payment acceptance  
13 state of delinquency. So if they're not a certain  
14 number of days past due or if they -- they're not in  
15 the foreclosure status, then we are taking their  
16 payments.

17 Q. Okay. That's a good point. Okay.

18 So in certain circumstances, the payments  
19 are returned without being placed in a suspense  
20 account; is that what you're saying?

21 A. Yes.

22 Q. In a foreclosure statement, for example?

23 A. That's correct.

24 Q. But if you all are accepting payments and  
25 you get a partial payment, you put it in a suspense

1 account?

2 A. That's correct.

3 Q. And it's held there until the suspense  
4 account is full enough to cover a single month's  
5 payment?

6 A. That's correct.

7 Q. And that's the same -- you did that for the  
8 Hagers -- the Hagers were always in a state where  
9 you were accepting payments, correct?

10 A. Yes.

11 Q. They still are?

12 A. Yes.

13 Q. And so every time the Hagers made a partial  
14 payment, you put it in a suspense account?

15 A. That's correct.

16 Q. And every time anyone in North Carolina  
17 makes a partial, if you guys are accepting payments,  
18 they're put in a suspense account?

19 A. That's correct.

20 Q. And any time anyone who you all are  
21 accepting payments makes a partial payment, you put  
22 it in a suspense account?

23 A. As long as we're accepting payments --

24 Q. Correct.

25 A. -- correct.

1           Q.    Okay.  And is it fair to say then that once  
2       the payment is put in the suspense account, a letter  
3       will be generated, either Exhibit 9 or Exhibit 10,  
4       and sent to them to indicate that's what you've  
5       done?

6           A.    These are two examples of those letters,  
7       yes.

8           Q.    Are there others?

9           A.    There could be.

10          Q.    Okay.  Are you aware of any others that  
11       might be utilized that might be outlined in  
12       Exhibit 5, the big document?

13          A.    On this specific loan, no.

14          Q.    Okay.  So do you think that these are the  
15       types of letters that would get sent upon the  
16       receipt of a partial payment?

17          A.    Yes.

18          Q.    Any idea why you would go sometimes  
19       Exhibit 9 and sometimes Exhibit 10?

20          A.    I think the main difference being they're  
21       different years that they were sent out.

22          Q.    Okay.  Okay.  So the -- the form used for a  
23       partial payment on or about 2013 looks a lot like  
24       Exhibit 10 and the form used in 2015 looks a lot  
25       like Exhibit 9?

1           A. Not necessarily. And they are two different  
2 letters, as we identified in the Exhibit 5. Their  
3 letter codes are different.

4           Q. Okay. But -- but they are sent upon the  
5 receipt of a partial payment and the placement of  
6 that partial payment in a suspense account?

7           A. That's correct.

8           Q. Okay. Let's look at the Deed of Trust,  
9 which is Exhibit 4. I bet you know what question is  
10 coming. Have you reviewed this Deed of Trust?

11          A. I have.

12          Q. You reviewed it in preparation for this  
13 deposition?

14          A. I have.

15          Q. If I asked you to -- to note what provides  
16 Seterus the right to place money in a suspense  
17 account, would you be able to identify it in the  
18 Deed of Trust?

19          A. I can, but I would prefer you point to it.

20          Q. Well, my understanding is that it is located  
21 on page 3, which is Bates number Hager 01-220.

22          A. Okay. And the specific area you want me to  
23 focus on?

24          Q. And my understanding is that it is Seterus'  
25 contention in the lawsuit that Uniform Covenant

1 Number 1 provides them the right to place items in a  
2 suspense account; is that correct?

3           A. Again, I can speak to how Seterus -- that  
4       Seterus has a suspense account and that we utilize  
5       it on payments when we're receiving payments and  
6       that's how we interpret the Deed of Trust.

7 Q. Okay. What part of it?

8 A. We are governed by the Deed of Trust.

9 (Cell phone rings.)

Q. For the record, that wasn't me.

11 MR. MINOR: Or me.

12 MR. MAGINNIS: Noted.

13 BY MR. MAGINNIS:

14           Q.     Sorry, Ms. Jacobs. And I know you're  
15       governed by the Deed of Trust. And so you would  
16       agree that there would be need to be a provision in  
17       the Note or the Deed of Trust that would allow  
18       Seterus to do that, correct?

19 A. It's a mortgage servicing, mortgage service  
20 that we -- that we utilize, so...

21           Q. Well, would you agree that when Seterus  
22 takes money from a customer but does not apply it to  
23 principal and interest and does not send it back,  
24 the customer is limited in at least some way?

25 MR. MINOR: Object to the form.

1 A. I don't agree.

2 Q. Okay. Say we put \$800 in a suspense account  
3 and it just sits there until the suspense account  
4 gets high enough to make a single payment, okay?

5 A. Okay.

6 Q. The customer doesn't have their \$800, right?  
7 A. The customer has sent it to apply to the  
8 loan that they've taken out.

9 Q. But it's -- and it -- so they don't have  
10 their \$800, right, because they sent it?

11 A. They sent Seterus a payment of \$800.

12 Q. And they sent it to be applied?

13 A. Okay.

14 Q. Is that right?

15 A. They sent a payment to Seterus.

16 Q. And the -- if it's a check, the check is  
17 cashed, correct?

18 A. I don't know that.

19 Q. Okay. Well, if -- if a payment is made and  
20 Seterus places it in a suspense account, is it your  
21 testimony that Seterus doesn't endorse the money and  
22 actually receive it?

23 A. We endorse it and we receive the -- the  
24 payments and apply it to the customer's suspense  
25 account.

1           Q.    Right.  And -- and so it's -- it is  
2         received, meaning the customer doesn't have the  
3         money anymore?

4           A.    Correct.

5           Q.    And it is not applied to principal or  
6         interest?

7           A.    It is not.

8           Q.    Okay.  And -- and so you would agree that  
9         the customer might prefer that it be applied to  
10         principal or interest, right, or sent back?

11                  MR. MINOR:  Object to the form.

12                  A.    I don't know what the customer prefers.

13                  Q.    Okay.  Let me just do it this way.  Is it  
14         Seterus' position in this lawsuit that they need to  
15         have some sort of contractual provision that  
16         provides them to do that or that they can just do  
17         it?

18                  MR. MINOR:  Object to the form.

19                  A.    We -- Seterus services by the Fannie Mae  
20         guidelines, by the Note, and by the Deed of Trust.  
21         So those are our provisional.

22                  Q.    Okay.  And so those three provisional  
23         documents would provide the rights of Seterus to act  
24         as a servicer?

25                  A.    That's correct.

1           Q.     And it would provide the obligations of  
2        Seterus to act as a servicer?

3           A.     That is correct.

4           Q.     And it would govern Seterus' behavior with  
5        regard to a particular loan?

6           A.     Yes.

7           Q.     So it would have to be somewhere in those  
8        three documents that would provide their right to do  
9        anything, correct?

10          A.     That's correct.

11          Q.     And that would include place things in a  
12        suspense account?

13          A.     Sure.

14          Q.     Okay. Is there anything in the Note,  
15        Exhibit 3, that addresses suspense accounts, that  
16        provides Seterus with that right to do -- to place  
17        funds in a suspense account?

18          A.     Is there anywhere that you -- I mean can you  
19        point me to a specific place?

20          Q.     I don't think there is any. I'm asking you  
21        if you think that there is.

22          A.     I know that Seterus, like I said, utilizes  
23        suspense accounts for partial payments. If there's  
24        a specific area that you want me to focus on, I can  
25        do that. But I don't know that I want to speak to

1       a -- like a -- you know, and say if the Note -- I  
2       know that the Note and the Deed of Trust governs  
3       Seterus' rights to service the loan.

4           Q.     Okay. Sitting here today, can you identify  
5       any provision in Exhibit 3 which provides Seterus  
6       the right to do that?

7           A.     This is a contract document. I would defer  
8       to my attorney to, you know, speak to that. I  
9       wouldn't speak to it.

10          Q.     Okay. Sitting here today, can you refer to  
11       any provision in Exhibit 4, the Deed of Trust, which  
12       provides Seterus the right to do that?

13          A.     I know that it is outlined here. If there  
14       is a specific area that you want me to focus on, I  
15       can do that.

16          Q.     Well, I want to focus on the whole thing.  
17       And -- and I would like to know if what Seterus --  
18       what their position is is if there is a provision in  
19       Exhibit 4 that provides the right for Seterus to  
20       take money, not apply it and put it in a suspense  
21       account?

22          A.     There is a provision. And we -- we service  
23       based on the Deed of Trust, the Note, and the Fannie  
24       Mae servicing guidelines.

25          Q.     Okay. Which provision?

1           A.     "Application of Payments or Proceeds." The  
2        payment of principal, interest, escrow items,  
3        prepayment charges and late charges. I mean, the  
4        entire Deed of Trust governs Seterus' rights with  
5        the mortgages loan.

6 Q. I agree with that. But what provisions of  
7 the Deed of Trust governs placement of money in  
8 suspense accounts?

9 MR. MINOR: Object to the form.

10           A. Part of 2, or under the "Uniform Covenants,"

11       Number 2, it says in the second paragraph:

12            "If Lender receives a payment from the

13       Borrower for a delinquent Periodic Payment which

14       includes a sufficient amount to pay any late charge

15       due, the payment may be applied to the delinquent

16       payment and the late charge. If more than one

17       Periodic Payment is outstanding, Lender may apply

18       any payment received from the Borrower to the

19       repayment of the payments (sic) -- payments if

20       applied to full payment of one or more of the

21       Periodic Payments."

22 Q. Okay. Is that the provision?

23 A. That's one of them.

Q. What are all of them? What's the next one?

25 A. Well, I just read one. I mean...

1 Q. Is there another one?

2 A. There can be.

3 Q. Okay. Where is it?

4 A. Well, I'm going to focus on this one for  
5 right now.

6 Q. Okay.

7 A. And it says "may accept that payment."

8 Q. Okay. So just for clarity, you're  
9 referencing the second paragraph in "Uniform" --

10 A. "Application of Payments or Proceeds."

11 Q. Yeah. In Uniform Covenant Number 2,  
12 "Application of Payments or Proceeds"?

13 A. That's correct.

14 Q. And this paragraph addresses suspense  
15 accounts?

16 A. It -- it references payments that have been  
17 made that are not satisfying the full contractual  
18 payment due.

19 Q. Okay. Are there any other provisions in  
20 Exhibit 4, the Deed of Trust, which address Seterus'  
21 rights to place money in suspense accounts?

22 MR. MINOR: Object to the form.

23 A. Again, I'm sure there are. I haven't  
24 memorized the entire Deed of Trust that I would have  
25 to read through the entire thing.

1           Q.    Okay.  But it's your position that somewhere  
2       within the Note, the Deed of Trust, and Fannie Mae  
3       servicing guidelines, somewhere within those three  
4       documents, Seterus has the right to place money that  
5       is less than a full payment in a suspense account?

6           A.    That's correct.

7           Q.    Okay.  And sitting here today with the Note  
8       and Deed of Trust in front of you, other than the  
9       one paragraph in paragraph 2, you are unable to  
10      identify a specific provision?

11                  MR. MINOR:  Object to the form.

12                  A.    I believe I identified the one that stood  
13      out to me.

14                  Q.    Right.  Just other -- I said -- I'm sorry if  
15      I -- I didn't mean to misstate your testimony.  
16      Other than that one paragraph that you outlined, "If  
17      Lender receives a payment," the second paragraph in  
18      Covenant 2, you're not able to identify any other  
19      provision other than that one?

20                  MR. MINOR:  Object to the form.

21                  A.    Again, like I said, you know, I'm sure there  
22      are -- it is in here.  I just -- I'm not reading it  
23      out to you.  That's it.

24                  Q.    Okay.  Well, if you would like to review the  
25      entire thing and then get back to me, that's fine.

1 A. Okay.

2 Q. Would that be better?

3 A. We can do that.

4 Q. Okay. Do we want to go off or do we want to  
5 just --

6 MR. MINOR: Yeah. We can go off.

7 MR. MAGINNIS: Yeah. we can go off.

8 That's fine.

9 MR. EDWARDS: Off at 12:48.

10 (Recess taken from 12:48 to 12:58.)

11 MR. EDWARDS: Back on the record at  
12 12:58.

13 BY MR. MAGINNIS:

14 Q. Okay. Ms. Jacobs, during the break, did you  
15 have a chance to review the Deed of Trust,  
16 Exhibit 4?

17 A. I did.

18 Q. And are there any provisions that Seterus  
19 would like to identify as ones that provide them  
20 with the right to place money in a suspense account?

21 MR. MINOR: Object to the form.

22 A. On Hager Bates page 01-0220, under "Uniform  
23 Covenants," both paragraph 1 and 2 are applicable in  
24 identifying the use of a suspense account.

25 Q. Okay. Any other provisions?

1 A. None that stood out to me, no.

2 Q. Okay. Can late fees be paid with the money  
3 out of the suspense account?

4 A. They can.

5 Q. Or other -- property inspection fees?

6 A. Yes.

7 Q. Okay. We talked about if there's enough in  
8 the account to pay off a principal balance. Is --  
9 how would they be applied to pay off a late fee?

10 MR. MINOR: Object to the form.

11 A. What do you mean?

12 Q. Well, is it as simple as if there's money in  
13 the account to pay the late fee it gets applied?

14 A. If the full loan installment is made and  
15 then the late fee is assessed with that loan, so I  
16 mean the late fee is associated with the -- with the  
17 payment that is due. So a monthly payment, for  
18 example, today is the 18th -- 19th -- if a monthly  
19 payment was made today, it's the principal,  
20 interest, tax, and insurance payment plus the late  
21 fee is the total payment.

22 Q. Okay. So if a customer is a year behind,  
23 just hypothetically --

24 A. Okay.

25 Q. -- and so from January to December they

1 didn't make any payments --

2 A. Right.

3 Q. -- but you all are willing to continue  
4 accepting them. The first -- the suspense account  
5 would need to get up to an amount equal to the  
6 principal and interest payment from January, before  
7 January is applied?

8 A. And the late charge.

9 Q. And then -- oh, and -- and for the late fee  
10 to be paid?

11 A. Correct.

12 Q. So the late fee for January would get paid  
13 before any payment for February?

14 A. That's my understanding.

15 Q. Okay. And we talked a little bit earlier  
16 about how Seterus makes money. Do you have an  
17 understanding about whether Seterus gets to keep the  
18 late fee charges?

19 MR. MINOR: Object to the form.

20 A. I don't know.

21 Q. It would depend on what the Note, Deed of  
22 Trust, and Fannie Mae servicing guidelines say?

23 MR. MINOR: Object to the form.

24 A. Again, not my determination. I don't know.

25 Q. Well, would there be any other document

1 other than those three that would be relevant?

2 MR. MINOR: Same objection.

3                   A. Again, I don't know.

4 Q. And you would agree that the Hagers' loan  
5 has never been accelerated?

6           A.     It has not been accelerated that I know of  
7       while Seterus was servicing the loan.

8           Q. Well, and -- and whether it -- if it had  
9       been accelerated, would that show up in the data  
10      points for when Seterus acquires the servicing  
11      rights?

12 A. I would assume it would.

13 Q. You can't decelerate it once -- you can only  
14 accelerate once, right?

15 A. Can accelerate, a customer can -- yeah. Can  
16 reinstate the loan.

17 Q. Okay. Let's talk about property inspection  
18 fees.

When is a property inspection fee  
authorized?

21           A.     A property inspection fee is assessed on any  
22       loan that's 30 days past due.  30 -- yeah.  I  
23       believe -- my understanding is 30.  Yeah.  I'm going  
24       to say that.

Q. My understanding is that at least with

1 regard to this loan, is that it's -- if it's 45 days  
2 past due and then 30 days after. That does that  
3 refresh your recollection?

4 A. Yeah, it does.

5 Q. Does that sound right to you?

6 A. Yes.

7 Q. Okay. And you said the inspection fee is  
8 assessed. What do you mean?

9 A. We send out a third-party vendor to go out  
10 and make sure that the property is in good standing  
11 condition and secure.

12 Q. And -- and so when you say "assessed," it  
13 would be -- the inspection does have to take place  
14 for it to be assessed?

15 A. It does.

16 Q. Okay. So once the inspection takes place,  
17 the fee is assessed?

18 A. That's correct.

19 Q. And with regard to Hagers, you utilize  
20 Safeguard, a company called Safeguard?

21 A. That's correct.

22 Q. Is that who Seterus uses for all property  
23 inspections?

24 A. I want to say the majority of our  
25 inspections are done by Safeguard.

1           Q.     Okay. And does Seterus have a contract with  
2     Safeguard regarding those property inspections?

3           A.     They're our third-party vendor. We utilize  
4     them. I'm not aware of a contract that's in place.

5           Q.     Okay. And I think you said you do this to  
6     determine whether the property is occupied and in  
7     good repair?

8           A.     It's secure and in good standing.

9           Q.     Okay. "Secure and in good standing"?

10          A.     Yeah.

11          Q.     What does that mean?

12          A.     Secure meaning that there are -- there's not  
13     anyone that's not supposed to be there that's kind  
14     of, you know -- if the -- for example, if the  
15     property is vacant, there isn't someone that's not  
16     supposed to be there that's kind of taken over the  
17     property and the property is not -- their windows  
18     are not broken.

19                 Good standing in that the physical property  
20     is standing up. There hasn't been any damage to it;  
21     there's not a tree on it, et cetera.

22          Q.     Okay. So secure, you're looking out for  
23     squatters and then -- is that right?

24                 MR. MINOR: Object to the form.

25          A.     Or animal --

1 Q. You can answer it.

2 A. Or animals --

3 Q. Okay.

4 A. -- or, you know, any kind of damage that  
5 could be done that could make a property unsecure.

6 Q. Okay. And so that's secure. And then in  
7 good standing, what was that again?

8 A. That it's -- good standing is that there is  
9 no environmental damage that we can assess to the  
10 property.

11 Q. Okay. And that's -- that's why -- to  
12 determine whether it's secure and in good standing,  
13 that's why Seterus conducts property inspections?

14 A. That's correct.

15 Q. Okay. And to ensure that it's secure and in  
16 good standing is the way that you have a right to do  
17 it under the Note, Deed of Trust, and Fannie Mae  
18 servicing guidelines?

19 A. That's correct.

20 Q. There's no other reason to do it?

21 A. No.

22 Q. Okay. And you charge for those property  
23 inspection fees, correct?

24 A. There is a charge assessed, yes.

25 Q. They're assessed -- it's assessed to the

1 customer's account?

2 A. That's correct.

3 Q. And is the -- is the money that's paid to  
4 safeguard the same as the amount that's charged to  
5 the account?

6 A. To my knowledge, yes.

7 Q. Okay. Seterus doesn't make any money on  
8 that?

9 A. I don't believe so.

10 Q. Okay. It is added to the -- the property  
11 inspection fee is added to the amount due and owing  
12 on the account?

13 A. Yes.

14 Q. Okay.

15 A. The total amount due.

16 Q. Okay. Let's mark 15. I'm showing you a  
17 document that's been marked as Exhibit 15.

18 (PLAINTIFFS' EXHIBIT NUMBER 15 WAS MARKED.)

19 Q. Have you seen Exhibit 15 before?

20 A. I've seen a copy of it.

21 Q. Okay. What is Exhibit 15?

22 A. It looks like a -- a letter that was sent to  
23 the Hagers that has been written on by someone.

24 Q. Any idea whose handwriting it might be?

25 A. I don't.

1           Q.     Okay. And is this just a copy -- other than  
2       the handwriting document, this is a copy of an  
3       account statement for November 16, 2012, that would  
4       have been sent to the Hagers?

5           A.     That -- yes, essentially.

6           Q.     And just because we're talking about  
7       property inspections, if you look down, there's a  
8       \$15 charge for property inspections.

9           A.     I see it.

10          Q.     And is that indicative that a property  
11       inspection took place?

12          A.     It is, yeah. November 14, property  
13       inspection \$15.

14          Q.     And that -- and that amount --

15          A.     2012.

16          Q.     The November 14, 2012, \$15 charge, would  
17       that be added to the amount that would need to be  
18       paid to bring the account current?

19          A.     Yes.

20          Q.     And would that charge be something that  
21       would need to get paid off along with principal,  
22       interest, and late fees in order to move money out  
23       of the suspense account?

24          A.     I believe the suspense account is specific  
25       to the principal, interest, taxes, insurance and

1 late charge fee.

2 Q. Okay. So the property inspection is  
3 separate?

4 A. I believe so.

5 Q. When does that get applied?

6 A. It's applied in the total arrears, the total  
7 arrears to the account.

8 Q. Okay. And but it is added to the total  
9 amount due and owing?

10 A. Yes.

11 Q. And it is added to a payoff figure?

12 A. Yes.

13 Q. Okay. And this is 16.

14 (PLAINTIFFS' EXHIBIT NUMBER 16 WAS MARKED.)

15 Q. Have you seen Exhibit 16 before?

16 A. I have.

17 Q. What's Exhibit 16?

18 A. It is the comment code and comment detail of  
19 an incoming call that one of our customer service  
20 agents took from the customer.

21 Q. And there's a -- it looks like there was a  
22 variety of discussions during this call. But do you  
23 see that there's a reference to a property  
24 inspection?

25 A. "Customer asked to ref property inspection."

1 Q. Right. And then the next sentence:

2 "I advised and time" -- any time -- is it  
3 "any time the account is more than 30 days  
4 delinquent a property inspection will be assessed to  
5 account to ensure account was not vacant"?

6 A. Yes. That's what it read.

7 Q. I think I -- I may have changed some words,  
8 but is that a correct recitation of the policy?

9 A. That's what's been stated by this customer  
10 service agent, yes.

11 Q. Okay. And -- and would that be in reference  
12 to the November 14, 2012, property inspection?

13 A. The customer doesn't identify which specific  
14 property inspection he's speaking of. I'm sure  
15 there were property inspections conducted with the  
16 prior servicer as well that could be. I mean I  
17 don't really know.

18 Q. Well, if there was a property inspection on  
19 November 14, 2012, would there have been another  
20 property inspection prior to December 6th of 2012?

21 A. No.

22 Q. Because they're every 30 days?

23 A. Correct.

24 Q. Okay. And -- and do you see where the  
25 customer advised that he lives on a long driveway

1       with cameras and -- and no one has come to view the  
2       house?

3 A. I see that.

4 Q. Okay. And are customer service agents  
5 trained to memorialize the contents of the  
6 conversation with the customer?

7 A. Yes.

8 Q. Such that the customer probably said  
9 something along those lines during the conversation?

10 A. Yes.

11 Q. Okay. This is 17.

12 (PLAINTIFFS' EXHIBIT NUMBER 17 WAS MARKED.)

13 Q. Have you seen Exhibit 17 before?

14 A. Yes.

15 Q. Okay. What is Exhibit 17?

16           A. It is a written response to the Hagers from  
17           our consumer and government affairs team.

18 Q. And this would have been in response to some  
19 sort of submission by the Hagers either to Seterus  
20 or to some sort of government agency?

21 A. That's correct.

22 Q. And I know that they did submit quite a few  
23 of such submissions.

24                           Do you see the reference on page 2 to the  
25                           property inspections?

1 A. Yes.

2 Q. The last paragraph?

3 A. I see it.

4 Q. And it -- it talks -- is it fair to say that  
5 it talks about that you need to do at least one  
6 property inspection to confirm that you can't view  
7 the property from the street?

8 A. Yes.

9 Q. And it says that subsequent inspections were  
10 not ordered because you can't see the property from  
11 the street?

12 A. That's what the letter says.

13 Q. And is that Seterus' policy with regard to  
14 property inspections?

15 A. That's my understanding.

16 Q. Because if the only purpose is to determine  
17 if they're secure and in good standing and you can't  
18 actually see the home, there's no purpose to do it,  
19 right?

20 MR. MINOR: Object to the form.

21 A. Again, I can only speak to what the -- the  
22 letter says.

23 Q. Well, and not so much the letter, and I  
24 don't want you to opine on intent, but is the policy  
25 that if you cannot access the property, then you do

1       not conduct property inspections -- property  
2       inspections?

3           A.     As of April 29, 2013, that's the  
4       understanding.

5           Q.     Is that the policy today?

6           A.     That was given to this customer.

7           Q.     Okay. Is that the policy today?

8           A.     I would have to check to make sure that  
9       that's still the policy.

10          Q.     Do you have an understanding about what  
11       Fannie Mae's servicing guidelines say about property  
12       inspections?

13          A.     That a property inspection should be capped  
14       on any account that's delinquent a certain number of  
15       days every 30 days.

16          Q.     Are you aware what Fannie Mae servicing  
17       guidelines say about drive-by inspections?

18          A.     I have very limited knowledge. I would have  
19       to review it.

20          Q.     Have you heard of a drive-by inspection?

21          A.     I'm not familiar -- too familiar with it.

22          Q.     Do you have a guess as to what that might  
23       refer to?

24          A.     I wouldn't want to guess.

25          Q.     Okay. Do you have knowledge about what that

1 might refer to?

2 A. I don't.

3 Q. If I represented to you that a drive-by  
4 inspection would be an inspection in which the  
5 inspector drives by but does not access the actual  
6 property, would you have any reason to dispute that?

7           A. I mean, I don't know that that's a  
8 definition that Seterus utilizes, so I couldn't -- I  
9 wouldn't be able to make that determination.

10 Q. Would Seterus follow the guidelines for  
11 inspecting property that are given by the Note, by  
12 the Deed of Trust, and by Fannie Mae servicing  
13 guidelines?

14 A. Yes.

15           Q.     Okay.  And if Fannie Mae servicing  
16        guidelines indicate that you can only do a drive-by  
17        property inspection in the event of a bankruptcy or  
18        a -- issues with safety, would Seterus comply with  
19        those guidelines?

20 MR. MINOR: Object to the form.

21           A.     Seterus complies with the Fannie Mae  
22        guidelines as they -- as they are written.

23 Q. All guidelines?

24           A.     As the Fannie Mae guidelines, as they're  
25           written.

1 Q. Right. Good one. All Fannie Mae guidelines  
2 as they are written?

3 A. Yes.

4 Q. So Seterus complies with them?

5 A. That's correct.

6                   Q. Including, but not limited to property  
7                   inspections?

8 A. That's correct.

9 Q. Okay. Let's mark this as 18.

10 (PLAINTIFFS' EXHIBIT NUMBER 18 WAS MARKED.)

11 Q. Have you seen Exhibit 18 before?

12 A. I have.

13 Q. What's Exhibit 18?

14           A. It is a Safeguard no contact -- well, it's  
15       an invoice.

16 Q. Okay. And then there's a second page  
17 that -- is this indicative of what the no contact  
18 inspection might entail?

19 MR. MINOR: Object to the form.

20           A. This is a property inspection that Safeguard  
21         conducted. It's titled as "No contact inspection"  
22         as the work order. I mean, I can represent that  
23         these are the photos that they took for that no  
24         contact inspection.

Q. Is that what's typically provided to Seterus

1           in a no contact inspection, a bill and photographs?

2           A.     And an invoice, yes, and a Safeguard  
3           invoice.

4           Q.     Yeah. Does -- how does it work in terms of  
5           the authorization to conduct the inspection? Does  
6           Seterus have to tell -- authorize Safeguard in some  
7           fashion to go do the inspection?

8           A.     Yes.

9           Q.     Safeguard just doesn't do it on their own?

10          A.     That's correct.

11          Q.     Does Safeguard authorize the type of  
12           inspection -- or Seterus, I'm sorry?

13          A.     Seterus does, yes.

14          Q.     So Seterus authorizes the type of  
15           inspection?

16          A.     Yes.

17          Q.     If Safeguard performed a no contact  
18           inspection, it's because Seterus told them to do a  
19           no contact inspection?

20          A.     That's correct.

21          Q.     Okay. And you identified the date the  
22           inspection was completed on July 24, 2013?

23          A.     That's correct.

24          Q.     Do you have an understanding of why a no  
25           contact inspection was conducted on July 24th of

1           2013?

2           A.     To identify if the property was in good  
3           standing and secure condition.

4           Q.     Okay. Well, in April 29th of 2013, Ms. --  
5           I'm assuming it's a Ms. -- Cerdá, in Exhibit 17,  
6           wrote a letter to the Hagers in response to a  
7           government investigation where she said we only  
8           completed one inspection and we've determined that  
9           we can't access the property to determine if it's in  
10          secure and good standing --

11               MR. MINOR: Object to --

12               Q.     -- correct?

13               MR. MINOR: Object to the form.

14               A.     She stated that:

15               "A property inspection was completed once by  
16           Seterus. With that inspection, we determined that  
17           we are not able to view the property from the street  
18           and subsequent inspections were not ordered. We  
19           would not have been able to determine that we could  
20           view the property without ordering that initial  
21           inspection," is what she stated.

22               Q.     Right. And -- and when I asked you about  
23           what Seterus' policy when they can't access the  
24           property, it was your testimony that subsequent  
25           property inspections would not be ordered.

1           A. I repeated what Ms. Cerdá had stated, that  
2           at that time, no additional -- she's stating that no  
3           additional property inspections were ordered at that  
4           time. But that doesn't necessarily mean that we are  
5           not allowed to continue to see if at any point that  
6           the property is able to be seen or not.

7           So the whole idea is that we were able to  
8           determine that we weren't able to see the property  
9           from the street at that -- at that time. And then  
10          this -- this property inspection was conducted.

11         Q. Okay. So Seterus can order new no contact  
12          inspections in order to see if the house has moved?

13         A. To --

14           MR. MINOR: Object to the form.

15         A. To see if there's any change in the -- in  
16          the -- when the inspector goes by to see if he can  
17          make any identifiable differences from the previous  
18          report.

19         Q. Okay. So if a property inspection  
20          determines that a property cannot -- it can't be  
21          determined whether it's secure and in good standing,  
22          Seterus will still order subsequent property  
23          inspections to determine if that is still the case?

24         A. In this scenario, that's what it seems as if  
25          was conducted.

1           Q.     Okay. Why would it be a no contact  
2        inspection?

3           A.     Given that Seterus -- or Safeguard was  
4        unable to identify or make contact with the property  
5        itself.

6           Q.     Well, that's not what you said earlier.  
7        What you said earlier is that Seterus would  
8        determine whether it was going to be a no contact  
9        inspection or not, correct?

10          A.     Correct.

11          Q.     Okay. So why did Seterus determine it was  
12        going to be a no contact inspection?

13          A.     Based on the representation in the letter  
14        that we're not able to see the property initially,  
15        and so when we do the second property inspection or  
16        when this property inspection was conducted with the  
17        photos that are attached, it was -- it was a no  
18        contact inspection.

19               We will run the inspection, and then if  
20        further information is needed, if another assessor  
21        needs to be sent out, for example, if an inspector  
22        goes out to a property and identifies they can see  
23        property -- they can see damage, they don't  
24        necessarily go out and conduct that research on  
25        their own. They will send somebody else to go back.

1 So the initial -- the initial inspection  
2 will be a no contact. And then that inspection will  
3 identify if further -- further property inspections  
4 are needed or not.

5 Q. Okay. So does Exhibit 18 identify whether  
6 further property inspections are needed?

7 A. This exhibit does not identify that.

8           Q.     Okay.  What are the identifying factors that  
9       determine whether a subsequent property inspection  
10      is needed?

11           A. Again, with the goal being identifying that  
12       the property is in good standing and secure, we're  
13       trying to maintain and make sure that that property  
14       is in good standing and secure. Those would be  
15       the -- those would be what we're looking for.

16 Q. Seterus wouldn't just charge fees for no  
17 reason, right?

18 A. Seterus does not just charge fees, no.

19 Q. The only reason you would do a property  
20 inspection is if you could actually determine  
21 whether the property was secure and in good  
22 standing, correct?

23 MR. MINOR: Object to the form.

24           A. To maintain that a property is in good  
25 standing.

1           Q.     Okay. And if you -- would you agree that if  
2         Seterus cannot determine that based upon the  
3         topography of the land of the property in question,  
4         then Seterus wouldn't need to do further  
5         inspections?

6                   MR. MINOR: Object to the form.

7           A.     In my role, I'm not -- I don't make the  
8         determination whether Seterus needs to do something  
9         or not. I am here to speak on this loan file and  
10        speak to the fact that a property inspection was  
11        conducted and it was requested by Seterus and  
12        therefore Safeguard went out and did the property  
13        inspection.

14           Q.     Okay. Why was it requested?

15                   MR. MINOR: Object to the form.

16           A.     Because it was a Seterus request.

17           Q.     Okay. For what reason?

18           A.     To maintain that the property was in good  
19        standing and secure.

20           Q.     Okay. And I'm talking about drive-by  
21        inspections. Do you think Fannie Mae servicing  
22        guidelines address no contact inspections?

23                   MR. MINOR: Object to the form.

24           A.     Again, the Fannie Mae guidelines speak for  
25        themselves. I don't make a determination one way or

1 another.

2 Q. And Seterus aims to comply with those  
3 servicing guidelines with regard to property  
4 inspections and everything else?

5 A. That's correct, Seterus does.

6 Q. And if those guidelines regarding no contact  
7 or drive-by inspections said that a servicer should  
8 only do that in the instance of a bankruptcy or a  
9 safety issue, then Seterus would attempt to comply  
10 with that?

11 A. Could you rephrase that question?

12 Q. Sure. If -- if the Fannie Mae servicing  
13 guidelines addressing property inspections indicate  
14 that no contact inspections or drive-by inspections  
15 should only be done in one of two instances, one,  
16 bankruptcy, two, safety, Seterus would attempt to  
17 comply with that?

18 A. Seterus complies with the Fannie Mae  
19 guidelines.

20 Q. Are you aware if the Hagers have ever filed  
21 for bankruptcy?

22 A. I am not aware.

23 Q. Would that be in the loan file?

24 A. It should be.

25 Q. You can't attempt to collect if somebody is

1 in bankruptcy, right?

2                   A. Again, I --

3 MR. MINOR: Object to the form.

4 A. -- can't make that determination.

5 Q. Well, does Seterus have a policy of

6 identifying when borrowers have filed petitions for  
7 bankruptcy such that they can take steps consistent  
8 with the bankruptcy code?

9 A. Yes.

10 Q. It would be in the file if Seterus was aware  
11 of a bankruptcy?

12 A. Yes.

Q. Okay. All right. This is 19.

14 (PLAINTIFFS' EXHIBIT NUMBER 19 WAS MARKED.)

15 Q. Have you seen Exhibit 19 before?

16 A. I have.

17 Q. What's Exhibit 19?

18 A. It's an account statement to Michael and  
19 Cynthia Hager, statement date 9/16/2013.

20 Q. And do you see the reference to "Property  
21 inspections"?

22 A. I do.

Q. And there's a \$15 charge to their account?

24 A. Yep.

Q. And that's added to the amounts that they

1       would owe Seterus?

2           A.     Yes.

3           Q.     Okay. And would that be in reference to  
4     this July 24th invoice and photos, Exhibit 18, or  
5     would it be a different one?

6           A.     Again, I couldn't say just by looking at  
7     this.

8           Q.     Well, kind of the same as before. If there  
9     was an inspection completed on July 24, 2013, would  
10    Seterus charge them for a different property  
11    inspection on August 22, 2013?

12          A.     To my knowledge, no.

13          Q.     So they got charged for work in Exhibit 18,  
14    it was added to the account?

15          A.     Again, I can't make that determination.

16          Q.     Do you have an understanding of when it's a  
17    \$15 charge versus a different charge from the --  
18    Safeguard?

19          A.     As I explained a little earlier, it just  
20    depends on what is needed after that inspection is  
21    conducted. So that would identify if a charge is --  
22    if there's a higher charge or if there's more work  
23    needed.

24          Q.     Okay. So would \$15 be the minimum charge  
25    for a no contact?

1 A. I wouldn't want to guess.

2 Q. Okay. Are you aware of any charge that  
3 would be lower than that, \$15?

4 A. I haven't seen a charge that's lower than  
5 that.

6 Q. Okay. And then if they're doing more work,  
7 like mowing the lawn, it might be a higher charge?

8 A. That's correct.

9 Q. Okay. All right. This is 20.

10 (PLAINTIFFS' EXHIBIT NUMBER 20 WAS MARKED.)

11 Q. Have you seen Exhibit 20 before?

12 A. I have.

13 Q. What is Exhibit 20?

14 A. It is an account statement sent by Seterus  
15 to Michael and Cynthia Hager on November 18, 2013.

16 Q. And do you see reference to "Property  
17 inspections"?

18 A. I do.

19 Q. And it's a \$15 charge?

20 A. Yes.

21 Q. And would that be for a no contact  
22 inspection?

23 A. I can't make that determination just based  
24 on this account statement.

25 Q. Some sort of inspection conducted by

1                   Safeguard?

2                   A.     A property inspection, yeah.

3                   Q.     Which Seterus authorized?

4                   A.     Yes.

5                   Q.     And charged the clients or charged Mr. and  
6                   Mrs. Hager for it on their account?

7                   A.     Yes. Uh-huh.

8                   Q.     And I'll represent to you that we have not  
9                   received any invoice or photographs similar to  
10                  Exhibit 18 with regard to this property inspection.

11                  Do you know why that might be?

12                  A.     I don't know.

13                  Q.     Do you know -- does Seterus need to receive  
14                  an invoice and some sort of representation that work  
15                  was completed before assigning this fee?

16                  A.     I can't make that determination.

17                  Q.     Okay. Would they need to get -- would  
18                  something needed to be added to the loan file in  
19                  order to assess a fee?

20                  A.     That -- yes. A certification that the  
21                  property inspection was conducted.

22                  Q.     Right. And that would be in the loan file?

23                  A.     It would be -- or would contact our property  
24                  contact team's conversation with Safeguard.

25                  Q.     And the certification, would that -- is that

1       the invoice and the pictures or is that something  
2       different?

3           A.    It could be the invoice and the pictures. I  
4       know that those are assessed with each property  
5       inspection, but sometimes it could just be -- you  
6       know, I mean, I -- I wouldn't want to make -- make a  
7       guess that it's only limited to an invoice.

8           Q.    If a customer calls with questions about  
9       their account, does the customer service  
10      representative who they deal with have access to the  
11      loan file?

12          A.    They have -- they do have access to the loan  
13      file, but it can be limited access to the loan file.  
14      Limited to their job functions.

15          Q.    If it's not in the loan file, how can we  
16      confirm that this invoice and pictures exist?

17                    MR. MINOR: Object to the form.

18          A.    The loan file is -- is, again, a sum of all  
19      the documents associated with the loan. Your  
20      question was about the customer service agent's  
21      access. They might not necessarily have access to  
22      the property inspection invoice, but the property  
23      inspection team will have access to it.

24          Q.    Well, let me ask you a different question  
25      then. If an invoice and pictures are not in the

1       loan file, where would they be with regard to the  
2       Hagers?

3           A. Your guess is as good as mine. I'm not  
4       sure.

5           Q. Okay. So -- so Seterus wouldn't have any  
6       idea where to find it if it wasn't in the loan file  
7       with regard to a specific inspection performed on  
8       the Hagers' property?

9           A. That's correct.

10          Q. And if it's not in the loan file, it still  
11       may have been charged?

12          A. No. We would have it.

13          Q. Do you have to receive the invoice in order  
14       to charge?

15          A. We have invoices for -- like I said earlier,  
16       we have invoices for all the property inspections  
17       that we have charged.

18          Q. And they would all be in the loan file?

19          A. They would be.

20          Q. And the entire loan file was produced to the  
21       Hagers in this lawsuit?

22          A. Okay.

23          Q. Is that right?

24          A. I mean, I can't make the representation of  
25       all the documents.

1           Q.    Okay.  Would there be any charge added to  
2       the account for a property inspection when an  
3       invoice was not in the loan file?

4           A.    Again, like I mentioned, every property  
5       inspection charge is associated with a property  
6       inspection that was conducted.

7           Q.    Right.  And every property inspection that  
8       was conducted produces some sort of work product,  
9       which is an invoice and then something indicating  
10      what they did?

11          A.    It should provide something, yeah.

12          Q.    And each and every invoice that's associated  
13      with a particular customer should be placed in their  
14      loan file?

15          A.    Invoice or otherwise, yes.

16          Q.    Some sort of documentation reflecting that  
17      this actually happened?

18          A.    Yeah.  With -- yes, correct.

19          Q.    And if it wasn't placed in the loan file,  
20      then the Hagers would not be charged?

21          A.    The property -- no.  The property inspection  
22      team would have access to a particular document.

23          Q.    Okay.  Who -- who adds the charge to the  
24      file?  Is that the property inspection team?

25          A.    Yes.

1           Q.    Okay.  Do they have to have some sort of  
2       confirmation from Safeguard that an inspection took  
3       place before they do that?

4           A.    They have conversations with Safeguard about  
5       it, yes.

6           Q.    Like a telephone conversation?

7           A.    Again, I am very limited in my knowledge of  
8       what they do.  But I believe -- it is my  
9       understanding that with each charge that's  
10      associated, the property inspection team has access  
11      to greater information that might be needed.

12          Q.    And would they assess a fee if they just got  
13      a phone call from Safeguard that said, hey, we  
14      looked at it --

15          A.    Again --

16          Q.    -- or would they need to get an invoice?

17          A.    Again, I don't -- I can't make that  
18      determination just based on my knowledge.

19          Q.    If they didn't get an invoice, how would  
20      they pay it?

21          A.    Again, I can't make a determination based on  
22      my knowledge of -- of it.

23          Q.    And if they didn't get an invoice and didn't  
24      pay it and assessed it to the account, wouldn't that  
25      be a problem?

1           A. Again, based on my understanding, I've  
2           represented what I know.

3 Q. Okay. 21.

4 (PLAINTIFFS' EXHIBIT NUMBER 21 WAS MARKED.)

5 Q. Oh, sorry. You get the yellow one. Have  
6 you seen Exhibit 21 before?

7 A. Yes.

8 Q. What's Exhibit 21?

9 A. It is a Safeguard invoice.

10 Q. What is it a Safeguard invoice for?

11 A. In the description it says it's

12 "Bankruptcy -- No Contact."

13 Q. Okay. And -- and we talked about this

14 before. It's -- it's -- they receive that

15 information regarding the scope of their review from

16 Seterus?

17 A. Yes.

18 Q. And so the invoice is actually to the

19 Seterus bankruptcy department; do you see that?

20 A. Yes.

Q. So is it fair to say that Safeguard would have received an indicator from Seterus that this item was in -- that the Hager property was subject to a bankruptcy?

25 A. Subject to.

1 Q. Was involved in a bankruptcy, correct?

2 A. Based on this document, I cannot tell if the  
3 Hagers were involved in a bankruptcy.

4 Q. Well, that's not my question. My question  
5 is, Seterus would have informed Safeguard to treat  
6 this as if the Hagers were in a bankruptcy, correct?

7 A. Again, just based on this invoice, it  
8 doesn't -- I can't make that determination, but it  
9 does say "Bankruptcy - No Contact" description.

10 Q. And they mailed it to the bankruptcy  
11 department?

12 A. It does seem so.

13 Q. Okay. And we talked about this earlier.  
14 Seterus doesn't have any information to suggest that  
15 the Hagers were in bankruptcy, correct?

16 A. I said that I couldn't make that  
17 determination.

18 Q. Well, is there anything in the Hagers' loan  
19 history that would suggest that they're in  
20 bankruptcy?

21 A. Again, in my -- I said that I could not make  
22 that determination.

23 Q. Well, you -- you've reviewed the loan file,  
24 correct --

25 A. Yes, I have.

1 Q. -- in preparation for this deposition?

2 Did you see anything in there that indicated  
3 that the Hagers said they were in bankruptcy?

4 A. I reviewed the entire loan file. I don't  
5 recall anything specifically standing out to me that  
6 was -- that outlined that they were in bankruptcy.

7 Q. And this isn't the first loan file for  
8 Seterus you've ever reviewed, correct?

9 A. That's correct.

10 Q. And have you seen a loan file before that  
11 had indicated that they were in bankruptcy?

12 A. I have.

13 Q. What is -- what is indicated in the loan  
14 file? Does it have the bankruptcy court filings?

15 A. Depending on if it's an active bankruptcy or  
16 a discharge.

17 Q. Okay. Would there be a discharge order or  
18 at least a reference to a discharge?

19 A. If it's not active, if it's not an active  
20 bankruptcy, then it wouldn't stand out.

21 Q. Well, there -- would there be some sort of  
22 indicator in the form that a bankruptcy had either  
23 taken place or was ongoing in the loan file?

24 A. I'm sure there would be.

25 Q. Okay. And you reviewed the Hagers' loan

1 file?

2 A. I have.

3 Q. And there's nothing in the loan file that  
4 suggested that they were ever in bankruptcy?

5 A. I didn't make that -- I didn't make that  
6 statement. I said I just couldn't make that  
7 determination.

8 Q. Okay. Well, did you see anything when you  
9 reviewed the loan file?

10 A. I said that I could not make that  
11 determination. I didn't --

12 Q. Did you see -- when you reviewed the loan  
13 file, did you see any indicator that would suggest  
14 that the Hagers have ever been in bankruptcy?

15 A. Again, I reviewed the entire loan file.

16 Nothing that just stood out to me.

17 Q. So you didn't see anything?

18 A. I said I could not make that determination.

19 Q. Okay. And Seterus follows the Fannie Mae  
20 guidelines on property inspections, correct?

21 A. That's correct.

22 Q. And if Fannie Mae said you can only do a no  
23 contact property inspection in the event of a  
24 bankruptcy or a safety issue, Seterus would abide by  
25 that?

1 A. That's correct.

2 Q. And so the only authority from Fannie Mae  
3 that Seterus would have to conduct a property  
4 inspection for the Hagers would be if you said it  
5 was a bankruptcy or a safety issue, correct?

6 MR. MINOR: Object to the form.

7 A. Again, I -- I wouldn't be able to make that  
8 determination.

9 Q. And if you tell Safeguard that it's a  
10 bankruptcy, they'll do the no contact inspection and  
11 charge the Hagers' file even though they weren't in  
12 bankruptcy, correct?

13 A. Again, I can't make that determination.

14 Q. But it's Seterus' position that every  
15 property inspection that was conducted on this loan  
16 was necessary to ensure that the property was secure  
17 and in good standing?

18 A. That's correct.

19 Q. That's the only reason they would do it?

20 A. That's correct.

21 Q. If you could turn to Exhibit 11.

22 A. I have it.

23 Q. And this is the NC Final that we talked  
24 about earlier.

25 A. Yes.

1 Q. And do you see the date that says  
2 October 17, 2012?

3 A. I do.

4 Q. And do you recall when the -- when Seterus  
5 acquired the servicing rights to this loan?

6 A. Yes.

7 Q. When was it?

8 A. October 1, 2012.

9 Q. Okay. So is it fair to say that an NC Final  
10 form was sent 16 days after Seterus acquired the  
11 loan?

12 A. Yes.

13 Q. Okay. And -- and we talked earlier about  
14 what would be the same and what would be different  
15 depending on it being an acceleration notice; do you  
16 recall?

17 A. Yes.

18 Q. Okay. One thing that you said would be the  
19 same, if you could look at the paragraph beginning  
20 with "If full payment."

21 A. Okay.

22 Q. And it says:

23 "If full payment of the default amount is  
24 not received by us in the form of a certified check,  
25 cashier's check, or money order on or before the

1 expiration date, we will accelerate the maturity  
2 date of your loan. Upon such acceleration, the  
3 entire indebtedness of the loan, including  
4 principal, accrued interest and all other sums due  
5 thereunder shall at once and without further notice  
6 become immediately due and payable."

7 Did I read that correctly?

8 A. You did.

9 Q. Okay. And so you would agree that that  
10 clause in that document says that if payment -- does  
11 not receive the amount due, Seterus will accelerate  
12 the maturity amount of the loan?

13 MR. MINOR: Object to the form.

14 A. Yeah.

15 Q. Okay. And Seterus did not receive the  
16 amount that they contend was due and owing before  
17 December 6, 2012, correct?

18 A. Seterus received a payment from the Hagers.

19 Q. Okay. Did it receive \$3,204.72?

20 A. It wasn't the full amount that was due.

21 Q. Right. And so what that paragraph that we  
22 just read says:

23 "If full payment of the default amount is  
24 not received, we will accelerate the maturity date  
25 of the loan," correct?

1 A. That's what the statement says.

2 Q. Okay. And that's what all the NC Finals  
3 say?

4 A. Again, that's what this statement says.

5 Q. Okay. And the Hagers -- is it Seterus'  
6 position that the Hagers had ever paid the amount  
7 set forth in an NC Final letter to bring the account  
8 current?

9 A. The Hagers have made payments towards the  
10 total amount that's been due.

11 Q. Right. They've been paying every month,  
12 right, or close to it?

13 A. Not every month.

14 Q. Or close to it? They've consistently been  
15 making payments?

16 A. They've been making payments.

17 Q. Okay. And this letter says:

18 "If full payment is not received, we will  
19 accelerate the maturity date."

20 That's what that says, right?

21 A. That's what this -- this sentence says,  
22 correct.

23 Q. And when it's referring to "full payment,"  
24 it's referring to this amount due up -- up at the  
25 top, and this example is \$3,204.72?

1 MR. MINOR: Object to the form.

2 A. The payment that is written in this letter  
3 is 3,204.72, correct.

4 Q. Okay. And when it says "full payment of the  
5 default amount," that's the number that we're  
6 talking about, correct?

7 A. The total amount due.

8 Q. Okay. And this was a letter that Seterus  
9 sent less than a month after they acquired the  
10 servicing rights to the loan?

11 A. Because the customers were greater than  
12 45 days delinquent.

13 Q. And so less than a month after they acquired  
14 the servicing rights to this loan, Seterus sent a  
15 letter to Cynthia Hager and Mike Hager, two separate  
16 letters, correct?

17 A. That's correct.

18 Q. And both of those letters said if you don't  
19 pay \$3,204.72 before December 6, 2012, we will  
20 accelerate the loan?

21 A. That's what this letter says.

22 Q. And like we talked about, once you  
23 accelerate, you can't decelerate, that's it?

24 A. Once this loan goes into the foreclosure  
25 status, you have to reinstate the total amount due

1       or pay the loan off.

2           Q. And -- and Seterus has never accelerated the  
3       loan, correct?

4           A. Because the customers made payments towards  
5       what we identified was due.

6           Q. But not the full payment as outlined in this  
7       letter, correct?

8           A. They made their full contractual monthly  
9       payments.

10          Q. But not the default amount as outlined in  
11       this letter?

12          A. They made a payment that changed this  
13       letter.

14          Q. Changed in what way?

15          A. When you make a payment, you bring the loan  
16       less than 45 days due. So when you make a  
17       contractual payment, you're due for the following --  
18       depending on their loan history, depending on the  
19       next month that's due. So that voids out the North  
20       Carolina Final Demand letter because as the Deed of  
21       Trust and the Servicing Guide and the Note  
22       identifies, Seterus is not going to foreclose on a  
23       loan that is greater than 45 days past due and  
24       identified by this letter.

25          Q. Okay. So Seterus -- if an NC Final goes

1 out --

2 A. Can we take a break?

3 Q. What's that?

4 A. I'm sorry, can I get some more water?

5 Q. Sure.

6 A. Sorry.

7 MR. EDWARDS: Off at 1:44.

8 (Recess taken from 1:44 to 1:45.)

9 MR. EDWARDS: Back on at 1:45.

10 BY MR. MAGINNIS:

11 Q. Okay. Ms. Jacob, I promise we'll be done  
12 soon.

13 My understanding of your testimony just now  
14 is that if Seterus receives a payment in response to  
15 an NC Final, then the debt is no longer 45 days due  
16 and so that's sufficient to hold off the  
17 acceleration process?

18 A. That's correct.

19 Q. Okay. And is that -- is that Seterus'  
20 policy just with regard to North Carolina?

21 A. That's Seterus' policy for the loans where  
22 we are accepting payments and we're able to apply  
23 full contractual payment to the loan.

24 Q. Okay. So in response to a letter like  
25 Exhibit 11, Seterus' policy, if they're accepting

1       payments, is if they receive an amount equal to a  
2       normal monthly payment, they will not accelerate the  
3       debt?

4           A. As long as, right, it brings the loan less  
5       than 45 days due.

6           Q. Okay. Where does it say that in this letter  
7       that you will do that?

8           A. It says in -- well, this is, as we know, is  
9       a North Carolina demand letter because the loan is  
10      greater than 45 days past due. We know the customer  
11      made a payment after this letter was sent out, which  
12      in the transaction history showed that it brought  
13      the account closer -- less than 45 days past due,  
14      which voided this entire letter.

15           Q. Right. So -- and I believe the monthly  
16      payment for the Hagers was -- at this time was  
17      somewhere between 1,400 and \$1,500; does that sound  
18      right to you?

19           A. Somewhere around there.

20           Q. Okay. So Seterus' policy is if they made a  
21      payment of a normal monthly payment, somewhere  
22      between 1,400 or 1,500, that would void this letter?

23           A. Or a partial payment which was then pulled  
24      from suspense and whatever was sitting in suspense  
25      would be applied to it.

1           Q.    Okay. So if they had a thousand bucks in  
2       the suspense account and they paid \$500, that would  
3       void this letter as an example?

4           A.    That's correct.

5           Q.    Okay. Where does it say that in this letter  
6       that if you make one payment or enough such that one  
7       payment is recorded, we won't do this, or does it  
8       say that?

9           A.    Well, the expiration date provides really  
10      the -- the timeline where the customer needs to make  
11      some sort of payment so that the 45 days are not  
12      past due.

13          Q.    Not some sort of payment, \$3,204.72, that's  
14      what it says, right?

15          A.    Yes. And we're allowing the customer, we're  
16      also -- yes. We would like the \$3,204.72. But our  
17      objective is not to foreclose on our customers. Our  
18      objective is to be able to take -- even if it's a  
19      partial payment, if where -- if they're in the  
20      bucket where a partial payment can be made, our  
21      objective is to collect that payment to help them  
22      stay in their house. Because them making payments,  
23      staying in their house helps us in our business as  
24      well. Foreclosing on them is really not, you know,  
25      helpful to us nor to them.

1 Q. Yeah.

2 A. And so therefore, this letter is sent out  
3 per the guidelines that are outlined and we allow  
4 the customer -- we allow the customer to make that  
5 partial payment. And then when a full -- if a  
6 partial payment does not equal the contractual  
7 payment, then your -- then this letter still --  
8 still stands. But because a contractual payment is  
9 able to be applied to the loan account, then we  
10 don't have to continue with the -- this letter.

11 Q. Seterus doesn't want to foreclose?

12 A. That's correct.

13 Q. It's expensive at a minimum, correct?

14 A. Sure.

15 Q. You don't want to kick people out of their  
16 homes?

17 A. We don't.

18 Q. People don't want to be kicked out of their  
19 homes?

20 A. That's correct.

21 Q. Why doesn't it say that in the letter?

22 A. In my business -- I mean in my role, I'm  
23 just here to testify on this letter and identify  
24 that we do -- we were taking payments from the  
25 Hagers when they made partial payments. They never

1               stopped making a partial payment. They never asked  
2               for those partial payments to be taken -- you know,  
3               given back.

4               They did not -- you're right, they did not  
5               write a \$3,204.72 check to us as we had asked --  
6               requested to them by this letter. They sent us a  
7               partial payment. And that partial payment was  
8               applied to the suspense, which then the full  
9               contractual payment would apply to the loan.

10              Q. Does this say we hereby request that you  
11               bring your loan current? Is that what that says?

12              MR. MINOR: Object to the form.

13              A. The letter speaks for itself.

14              Q. Okay. And the letter speaks for itself.

15              You sitting here testifying as Seterus on -- as  
16               to -- is there anything in this letter which states  
17               if you make enough for a single partial payment, for  
18               a single monthly payment, or if you make enough  
19               combined with the suspense account to cover a single  
20               partial payment, this notice will be voided?

21              A. We identify that a customer is current when  
22               they're in that 0 to 30-day delinquency -- in that  
23               0 to 30-day bucket. So by making a payment, the  
24               customer is decreasing their delinquency status from  
25               45 days to less than that.

1                   And when we're able to apply a contractual  
2                   payment to the loan, it brings them -- it brings  
3                   them closer to that. So they are -- they are  
4                   complying with what this letter is saying.

5                   Q.     But this letter doesn't say that, right?

6                   A.     This letter does say that.

7                   Q.     This letter says:

8                         "If full payment of the default amount" --  
9                         meaning \$3,204.72 -- "If full payment of the default  
10                         amount is not received by us in the form of a  
11                         certified check, cashier's check, or money order on  
12                         or before the expiration date, we will accelerate  
13                         the maturity date of your loan."

14                         That's what that says, right?

15                         MR. MINOR: Object to the form.

16                         A.     Again, the paragraph is written as it is  
17                         written. We, as we've stated before, by the State  
18                         of North Carolina, the Note, the Deed of Trust, and  
19                         the servicing guidelines, when a customer is greater  
20                         than 45 days delinquent, we have to send this  
21                         letter. And we have to let them know, that, yes, we  
22                         will accelerate.

23                         If they don't do anything, if they don't  
24                         make a payment, that's -- a full contractual  
25                         payment, if they let this letter go until

1       December 6th, come December 6th, we would have  
2       accelerated this loan if no payment was received.

3           Q. And that's what you, testifying for Seterus,  
4       thinks this letter and other NC Final letters say?

5           MR. MINOR: Object to the form.

6           A. I mean, again, like I said, the letter  
7       speaks for itself. This is how we identify this  
8       letter.

9           MR. MAGINNIS: Okay. Why don't we take  
10      a break. I told you it would be quick.

11           MR. EDWARDS: Off at 1:52.

12           (Recess taken from 1:52 to 2:00.)

13           MR. EDWARDS: Back on at 2:00.

14           BY MR. MAGINNIS:

15           Q. Ms. Jacob, just a couple more questions and  
16       then we'll get you out of here.

17           There were a few references to some  
18       departments where you may not have significant  
19       personal knowledge such that you can answer specific  
20       questions about it. And so I wanted to know with  
21       regard to some of these departments who we might  
22       need to talk to so that we can get information about  
23       these things.

24           The payment research team?

25           MR. MINOR: What information did you

1 say she's not able to give?

2 Q. Who might be -- who might we need to talk to  
3 to get more information about the payment research  
4 team; do you know?

5 MR. MINOR: Can you say what  
6 information that it was that you did not get that  
7 you are requesting?

8 MR. MAGINNIS: I mean I'm not going to  
9 reread the whole transcript, but who might -- if I  
10 wanted to talk to somebody about the payment  
11 research team, who might I need talk to?

12 MR. MINOR: Okay. Well, I guess I'll  
13 just object --

14 MR. EDWARDS: Okay.

15 MR. MINOR: -- to the form of the  
16 question.

17 A. I mean there's not anyone specific that I  
18 can tell you. I'm advising that we have various  
19 different departments and different roles within  
20 Seterus, and I'm identifying, to the best of my  
21 knowledge, the testimony that I give today.

22 Q. Does the payment research team have some  
23 sort of team leader?

24 A. I'm sure there are.

25 Q. Okay. But you don't know any of their

1 names?

2 A. No.

3 Q. Okay. What about the quality control team?

4 A. No.

5 Q. Loss mitigation team?

6 A. No.

7 Q. Revenue, who might we need to talk to about  
8 how Seterus makes money?

9 A. Again, I think that's proprietary  
10 information. I wouldn't know where to tell you to  
11 begin.

12 Q. What about how much revenue they make, who  
13 would we talk to about that?

14 A. I mean you could make the request to counsel  
15 and they can review it.

16 Q. Okay. So you can't think of anyone  
17 specifically? We would have to depose the  
18 corporation to find out?

19 A. I can't think of anyone specifically.

20 Q. Okay. The billing department?

21 A. I don't know there is -- did I say there's a  
22 billing department?

23 Q. I don't know. Did you not? I think you --  
24 is there -- is there a department that deals with  
25 billing?

1 A. What do you mean by "billing"? Can you  
2 define that? What do you mean?

3           Q.     *Sending statements, receiving payments,*  
4           *credits, debits?*

5           A. I mean when transactions are made or --  
6       they're applied to the account. When a payment  
7       isn't received, is that what you're talking about?

8           Q.     Is there -- is there a billing department or  
9       no?  Accounts receivable, not -- not associated with  
10      vendors, but with customers.

11 A. Not -- not really.

12 Q. Okay.

13 A. Yeah. That I...

14 Q. Okay. Is there a property inspection  
15 department?

16 A. There is, yeah.

17 Q. Okay. And we would need to talk to somebody  
18 at the property inspection department to understand  
19 the agreement that Seterus has with Safeguard?

A. I mean, I think I've relayed them today.

21           Q.     Okay.  Would -- are you aware at this time  
22       of how charges differ for various tasks, Seterus and  
23       Safequard agreement?

24 A. I believe --

25 MR. MINOR: Object to the form.

1           A. I believe the invoices speak for themselves.

2           Q. Okay. But do you have any understanding  
3           sitting here today such that you can talk about that  
4           in detail?

5                            MR. MINOR: Object to the form.

6           A. If you have a document that you'd like me to  
7           review, I can do it.

8           Q. Okay. But there's a property inspection  
9           department that has some sort of team leader?

10          A. We have a property inspection department.

11          Q. Of which somebody is in charge?

12          A. I mean I don't -- I couldn't tell you. I  
13          know that we have a property inspection team.

14                            MR. MAGINNIS: Okay. Your counsel may  
15          have some questions for you, but that is all the  
16          questions that I have at this time. Thank you so  
17          much.

18                            THE WITNESS: You're welcome.

19                            MR. MINOR: No, actually, my questions  
20          are to you. You just made a line of questions to  
21          the witness suggesting that you were not able to get  
22          answers to certain questions, and you referenced  
23          particular departments at Seterus that you believe  
24          could provide you with answers. And for the record,  
25          I'd like you to identify the information that you

1 believe that you could get from the payment research  
2 team that you were not given today.

3 MR. MAGINNIS: I think what would  
4 probably make sense to do is review the transcript  
5 and it may well be that -- we -- we did hear a lot  
6 of I don't know and I -- and I don't have personal  
7 knowledge about that; I can testify about this loan  
8 file, et cetera. And so what I think would make  
9 sense to do is review the transcript, and if we find  
10 that there are areas that we feel are deficient,  
11 we'll send you correspondence to that effect and we  
12 can deal with it off the record and hopefully  
13 without any sort of court intervention. Is that  
14 fair?

15 MR. MINOR: That is fair. And I'm  
16 going to just ask these only for purposes of the  
17 record --

18 MR. MAGINNIS: Of course.

19 MR. MINOR: -- not to be argumentative.

20 As you sit here, can you tell me of any  
21 questions in the area of quality control that you  
22 sought answers to today that you did not receive?

23 MR. MAGINNIS: I think that, just for  
24 the record, we'll review the transcript. We  
25 identified the specific areas for which Ms. Jacob,

1       in my estimation, did not provide full and complete  
2       answers consistent with the Notice, but we will  
3       identify any specific questions, if we have any, in  
4       communications with you all.

5                    MR. MINOR: Okay. As you sit here  
6       today and based on your recollection from the  
7       testimony, can you tell me if you have any questions  
8       in the area of loss mitigation that you do not  
9       believe you got answers to from the witness?

10                  MR. MAGINNIS: With regard to payment  
11       research, quality control, loss mitigation, Seterus'  
12       revenue and how they make money, the existence, if  
13       there is any, of a billing department or the  
14       property inspection department and their dealings  
15       with Safeguard, I will say that we've identified  
16       that Ms. Jacob may not have full and complete  
17       knowledge in response to the Notice, and we will  
18       review the transcript accordingly. And if we feel  
19       like these responses are not full and complete and  
20       consistent with the topics, we will send you  
21       correspondence regarding all those topics that I  
22       just identified with the hope that they can be  
23       resolved amicably between the parties.

24                  MR. MINOR: Okay. And just for the  
25       record, I want to make it clear that before the

1 conclusion of the deposition, I asked questions in  
2 an attempt to determine the specific areas relating  
3 to the groups that counsel just listed. And  
4 although counsel has indicated that he may provide  
5 me with that information at some point later, I was  
6 not provided that information before the conclusion  
7 of the deposition.

8 MR. MAGINNIS: Noted.

9 MR. MINOR: I have no questions.

10 MR. MAGINNIS: Thank you so much.

11 MR. EDWARDS: Off the record at 2:07.

12 (The deposition concluded at 2:07.)

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1 SIGNATURE

2

3 I have read the foregoing pages which  
4 contain a true and accurate transcription of the  
answers provided to the questions herein recorded  
and I do not desire to make any changes.

5

6 I have read the foregoing pages and wish  
to incorporate the changes that are delineated on  
the errata sheet to my deposition.

7

8

9 Achsah Jacob

10 I, \_\_\_\_\_, Notary Public for the

11 County of \_\_\_\_\_, State of \_\_\_\_\_

12 \_\_\_\_\_, do hereby certify that the

13 hereinabove named personally appeared before me this

14 the \_\_\_\_\_ day of \_\_\_\_\_, 2016, and that I

15 personally witnessed the execution of this document

16 for the intents and purposes hereinabove described.

17

18

NOTARY PUBLIC

19

STATE OF

20

MY COMMISSION EXPIRES:

21

22

23

24

25

1 T R A N S C I P T C O R R E C T I O N S

2 CASE NAME: Michael A. Hager, et al. vs. Seterus,  
3 Inc.

4 WITNESS NAME: Seterus, Inc. -- By Achsah Jacob

5 FILE NUMBER: 1:15-cv-222

6 DATE: 7/19/16

7 PAGE LINE READS SHOULD READ

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1 CERTIFICATE OF REPORTER

2 STATE OF NORTH CAROLINA )

3 COUNTY OF JOHNSTON )

4

5 I, DONNA ROWE, Notary Public in and for the  
6 County of Johnston, State of North Carolina at  
7 large, do hereby certify:

8 There appeared before me Achsah Jacob at the time  
9 and place herein aforementioned;

10 The said witness was sworn by me to state the  
11 truth, the whole truth, and nothing but the truth,  
12 in said cause;

13 The testimony was taken down before me  
14 stenographically and the foregoing 193 consecutively  
15 numbered pages are a complete and accurate record of  
16 the testimony given by said witness;

17 I certify that I am not counsel for nor in the  
18 employment of either of the parties of this action,  
19 nor am I interested in the results of this action.

20 IN WITNESS THEREOF, this 25 th day of July, 2016.

21

22 \_\_\_\_\_  
23 DONNA ROWE  
24 COURT REPORTER  
25 NOTARY PUBLIC  
20012880153

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